

BANKING LAWS AND PRESIDENTIAL DECREES

CONTENTS	page
- LAW No 155 OF 1998 REGULATING THE PRIVATE SECTOR'S PARTICIPATION IN THE CAPITAL OF PUBLIC SECTOR BANKS	<u>2</u>
-PRESIDENTIAL DECREE No 187 OF 1993 ISSUING THE EXECUTIVE REGULATIONS OF THE BANKS AND CREDIT LAW.	<u>4</u>
-PRESIDENTIAL DECREE No 59 OF 1993 ISSUING THE STATUTES OF THE CENTRAL BANK OF EGYPT.	<u>19</u>
-PRESIDENTIAL DECREE No 205 OF 1990 CONCERNING THE LAW OF CONFIDENTIALITY OF BANK ACCOUNTS.	<u>31</u>
- LAW NO 120 OF 1975 RELATING TO THE CENTRAL BANK OF EGYPT AND THE BANKING SYSTEM	<u>36</u>
- LAW No 163 OF 1957 PROMULGATING THE BANKS AND CREDIT LAW.	<u>49</u>

Law No. 155 OF 1998
Regulating the Private Sector's Participation
In the Capital of Public Sector Banks

In the Name of the People,
The President of the Republic,
The People's Assembly passed the following Law and we promulgated it.

Article 1

The private sector may own shares in the capital of the banks that are entirely state-owned. In this case, the relevant bank shall not be subject to the provisions of Articles No (18,19,21,22, 23 and 28) of Law No 120 for 1975, regarding the Central Bank of Egypt and the Banking System.

The bank shall be subject to the provisions of Article 21 bis (1) of Banks and Credit Law issued by virtue of Law No 163 for 1957.

Article 2

After consultation with the Minister of Economy and the Governor of the Central Bank of Egypt, a decree shall be issued by the Prime Minister to appoint - in proportion to the number of shares owned by the state in the bank's capital- those who shall represent the public finance in the meetings of the bank's general assembly.

Article 3

The Board of Directors of the bank in which the private sector participates jointly with the state shall be formed of no less than five members and not exceeding fifteen. Of these members, the bank's general assembly shall choose a number of them in proportion to the shares owned by the private sector in the bank's capital. The remaining members shall be appointed by a Prime Minister's decree, after consultation with the Minister of Economy and the Governor of the Central Bank of Egypt.

The Board of Directors, in its first meeting, shall choose from its members a chairman and a managing director. The two posts may be combined by one member according to the regulations and procedures stipulated in the bank's statute.

Article 4

Unless otherwise stated in this Law, banks shall be subject to the provisions of Law No 163 for 1957, issuing the Banks and Credit Law, Law No 120 for 1975, concerning the Central Bank of Egypt and the Banking System, Law No 159 for 1981, issuing the Law of Joint Stock Companies, Companies Limited by Shares, and Limited Liability Companies and Law No 95 for 1992, issuing the Capital Market Law.

Article 5

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

This Law shall be stamped by the seal of the State and shall be enforced as one of its laws.

Issued at the Presidency of the Republic on 16th Safar 1419 H (11th June 1998 AD).

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, shall be cancelled as well as every stipulation that violates the provisions of the annexed Executive Regulations.

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 shall 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 branches 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.

- 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 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 applicable laws, decisions and instructions that have been, and shall be, 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 A.R.E., 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 branch balance sheet 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, 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 supervision 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 regarding its addition to the 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 pledge of the branch to comply with all the applicable laws, decisions and instructions that have been, and shall be, 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 supervision 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 branch balance sheet 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 capital held at the branch for conducting its operations in Egypt, provided that such capital is not less than fifteen million US dollars or their equivalent in foreign currencies.

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 statement.

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 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 be 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 shall be taken into consideration. The Central Bank of Egypt shall adopt the measures it discerns 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 shall 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.

PRESIDENTIAL DECREE
No. 59 of 1993
ISSUING THE STATUTES OF THE CENTRAL
BANK OF EGYPT

The President of the Republic
After having perused the Constitution,
And Law No 163 of 1957, promulgating the Banks and Credit Law,
And Law No 120 of 1975 concerning the Central Bank of Egypt and the
Banking System,
And the Presidential Decree No 488 of 1976 concerning the Statutes of the
Central Bank of Egypt.
And the approval of the Cabinet of Ministers,
And upon the view of the State Council,

Decreed the following:

Article 1

The attached provisions of the Statutes of the Central Bank of Egypt shall come into force.

Article 2

The Presidential Decree No 488 of 1976, referred to, shall be cancelled. Every provision contradicting the provisions of the enclosed Statutes shall also be cancelled.

Article 3

This Decree shall be published in the Official Journal and shall come into force as from the day following the date of its publication. Issued at the Presidency of the Republic on 14th Shaaban Hegira year 1413, corresponding to 6th February 1993.

Hosni Mubarak

-19-

**The Statutes of
The Central Bank of Egypt**

**Part I
Legal Form of the Bank, Its Seat,
Capital, and Reserve**

Article 1

The Central Bank of Egypt is an autonomous public legal entity assuming the authorities and powers vested in it by Law No 163 of the year 1957, and according to the provisions of Law No 120 of the year 1975 referred to earlier.

Article 2

The seat and the legal domicile of the Bank shall be the city of Cairo. The Bank may establish offices in the Arab Republic of Egypt or abroad, and may have agents and correspondents in Egypt or abroad as may be necessary for conducting its business.

Article 3

The Bank's capital shall be ONE HUNDRED MILLION EGYPTIAN POUNDS.

Article 4

A legal reserve for the Bank shall be formed at the rate of 100% (hundred percent) of the Bank's capital and the Board of Directors of the Bank may set aside a percentage of the net annual profits to form other reserves.

**Part II
Purposes and Functions of the Bank**

Article 5

The Bank shall formulate monetary, credit and banking policy and supervise its implementation according to the general plan of the state to help develop the national economy, and ensure the stability of the Egyptian currency, besides supervising the banks, which are registered at the Bank.

In this respect, the Bank may consider the means to be adopted and in particular apply the following:

- A) Influencing the allocation of credit with regard to its volume, type and cost, so as to meet the real needs of various aspects of economic activity.
- B) Adopting suitable measures to combat general domestic economic or financial disturbances.
- C) Participating with the concerned state agencies in preparing the foreign exchange budget of the State and implementing it within the framework of general policy drawn up by the Ministry of Finance in agreement with the Ministries of Economy and Foreign Trade, Planning, and Supply.
- D) Assisting the governmental agencies concerned in devising the financial and economic plans of the state.
- E) Participating in the arrangement of foreign credit for the fulfillment of the requirements of foreign finance for the economic plans, and for meeting the foreign exchange requirements of the State.
- F) Determining the discount rates and the rates of return for banking transactions in accordance with the nature of these transactions, their terms and the need for such transactions in compliance with monetary and credit policy, to realize monetary stability, without being confined in this respect to the limits stipulated by any other legislation. The Board of Directors authorizes banks to determine freely the rates of return for the banking transactions that they conduct.
- G) Managing the state reserves of gold and foreign exchange and the regulation of the flow of foreign exchange with other banks.

- H) Controlling banks registered at the Central Bank of Egypt, so as to ensure the soundness of their financial positions and their compliance with the state's monetary and credit policy.
- I) Supervising the representation offices of foreign banks registered at the Central Bank of Egypt.

Article 6

The Bank shall exercise the banking operations related to the government and shall charge no fees on services provided by it. The Bank shall exercise the banking operations for other legal public entities on the conditions, which the Board sets according to the provisions stipulated, by Law No 163 of 1957 referred to above.

Article 7

The Bank shall act for the government in managing, issuing, servicing and amortizing the public debt. In doing that, the Bank shall not bear any obligations or claim any rights consequent thereupon.

The Bank shall advise the government before concluding domestic and foreign loans and credit facilities.

Article 8

The Bank may offer loans for the government to cover any seasonal deficit in the state budget on condition that the amount of these loans shall not exceed 10% of the average revenues of the state budget during the preceding three years. These loans are for a period of three renewable months provided that the repayment of loans is settled within a maximum of twelve months from the date of extending them.

The terms and conditions of these loans shall be agreed upon by the Ministry of Finance and the Bank and in compliance with the monetary and credit conditions at the time of providing the loans.

Article 9

The Bank has the exclusive right of issuing notes. The Minister of Economy and Foreign Trade, after consulting the Bank, shall determine the denominations of notes that may be issued, their dimensions and their design and other specifications. These notes must bear the signature of the Bank's Governor.

Article 10

The amount of the bank notes in circulation shall always be covered by gold, foreign exchange, foreign securities, Egyptian government bonds, treasury bills, and Egyptian bonds guaranteed by the government and discountable commercial papers.

The President of the Republic shall determine the gold cover of the bank notes issue. The Ministry of Economy and Foreign Trade shall determine the types and percentages of the other assets, after consulting the Bank.

Article 11

The Board of the Bank, after the approval of the Minister of Economy and Foreign Trade, shall set the rules to be followed in evaluating all assets that counter the notes in circulation.

Article 12

The gold, foreign exchange, and other assets forming a cover for the issued notes shall be deposited in the Bank in Cairo or in one of the public sector banks in the State or in any central bank abroad approved by the Board of the Central Bank of Egypt. In all cases, the deposits shall be in the name and for the account of the Central Bank of Egypt. Gold sent en route to the Arab Republic of Egypt shall be considered as part of the note-issue cover in Cairo, on condition that the transfer of gold shall be in the name and for account of the Bank and must be insured in favor of the Bank, provided that a prior approval of the Minister of Economy and Foreign Trade is obtained.

Article 13

The Bank, according to the terms and conditions to be set by its Board of Directors, shall conclude internal credit operations with banks and other agencies.

Article 14

In case of financial disturbances or other contingencies affecting the stability of credit conditions, or calling to meet necessary requirements in the financial market, the Bank may extend exceptional loans to other banks as guaranteed by any of their assets to be determined by the Board of the Central Bank of Egypt, provided that these loans shall be subject to rules set by the Board of Directors with regard to rates of return, maturity dates and other conditions.

Article 15

The Bank shall have the power to deal-buying and selling-in the open market in Egyptian government securities and other paper guaranteed by the government and also the bonds to be determined by its Board of Directors as well as the bills and promissory notes and other commercial papers. These operations shall be conducted with the aim of increasing or reducing money in circulation by banks and other bodies, according to monetary and credit policy.

Article 16

The Bank may conduct credit operations with foreign banks and establishments, and international organizations.

Article 17

The Bank shall have the authority to guarantee the loans, credit facilities, and investments to be obtained by the government and other public legal entities from foreign banks, and establishments, and international organizations according to terms and conditions to be agreed upon with the Minister of Economy and Foreign Trade.

Article 18

The Bank shall declare the rates of discount and return on banking operations, according to the nature of these operations and their maturity dates in the manner determined by the Board of the Bank.

Article 19

The Bank shall prepare a weekly statement on its financial position compared with its position at the end of the preceding week, according to the form to be set by its Board of Directors in agreement with the Minister of Economy and Foreign Trade. The Bank's weekly statement shall be published in the Official Journal and a copy signed by the Governor of the Bank shall be forwarded to the Minister of Economy and Foreign Trade.

Article 20

The Bank shall have the right, at any time, to have access to the books and registers of banks to obtain data and explanations, which in its view will realize its purposes. Access to these books and registers shall take place at the domicile of each of these banks through the Central Bank's inspectors and their assistants who shall be delegated for this purpose by the Governor of the Bank, from a list approved by the Minister of Economy and Foreign Trade. The Central Bank shall report to the Minister of Economy and Foreign Trade the results of its inspection and recommendations in this respect.

Part III

Administration of the Bank

Article 21

The administration of the Bank shall be assumed by a Board of Directors chaired by the Bank's Governor and the membership of:

- 1) The Two deputy governors of the Central Bank.
- 2) The chairman of Capital Market Authority.
- 3) Two of Board chairmen of Banks.

- 4) One representative of each of the Ministries of Economy and Foreign Trade, Finance and planning to be chosen by the ministers concerned.
- 5) Four senior specialists in banking, monetary, financial and legal affairs.
- 6) Two from the business sector.

In the absence of the Governor, the senior Deputy Governor shall be the acting chairman.

Article 22

The Chairman and members of the Board of Directors should meet the following requirements:

- A) They should be enjoying the Egyptian nationality.
- B) They should not have any personal interests in any of the banks, which are subject to the provisions of Law No 163 of 1957, referred to earlier.
- C) They should be enjoying all their civil and political rights.

Article 23

A Presidential Decree shall be issued appointing the Governor and the two Deputy Governors, and determining their remuneration, allowances and bonuses upon the proposal of the Prime Minister. The appointment of the Governor and the two Deputy Governors shall be for a period of four renewable years.

The Governor shall not be dismissed during his original or renewable term of office.

Article 24

The Board members referred to in items: 3,5 and 6 of Article 21, shall be appointed for a four renewable year period by virtue of a decree of the Prime Minister after consulting both the Minister of Economy and Foreign Trade, and the Governor of the Central Bank of Egypt. The remuneration of the Board members referred to in items 5 and 6 of Article 21 as well as the attendance allowances for the Board of Directors meetings shall be determined by a Decree

of the Prime Minister after consulting each of the Minister of Economy and Foreign Trade, and the Governor of The Central Bank of Egypt.

Article 25

The Board of Directors of the Bank shall be the authority vested with the powers of the management of its affairs and for the formulation and regulation of monetary, credit and banking policy, and the supervision of its implementation. The Board shall also make resolutions on measures deemed necessary to achieve the purposes and objectives entrusted to the Bank pursuant

to the provisions of Laws No 163 of the year 1957 and No 120 of the year 1975, referred to earlier.

The Board shall be concerned with the following activities:

- A) Approving the profit and loss statement, the balance sheet, and the Bank's Report of its financial position and activities, as prescribed in Article 39 of the present statutes.
- B) Approving the organizational structure of the Bank upon the proposal of the Bank's Governor.
- C) Issuing the internal regulations related to its operations and its financial and administrative affairs.
- D) Issuing regulations related to the personnel, their salaries and wages, remuneration, privileges and special allowances, and determining their travel allowance locally and abroad.
- E) Approving the planning budget of the Bank and the resolution of the Bank's Board in this respect shall be final.

Article 26

The Board of the Central Bank of Egypt shall assume the powers of the General Assembly with respect to public sector banks, and in particular shall be concerned with:

- A) Approving the balance sheet, the profit and loss statement, and the distribution of profits.
- B) Authorizing the Bank to use the provisions for other purposes than those set aside for the budget.
- C) Amending the Statutes, including the extension or shortening of the duration of the Bank, and increasing or reducing its authorized and paid up capital.
- D) Determining the merging or division of the Bank. The resolution to be made in this respect shall be pending upon the approval of the Cabinet.
- E) Approving the planning budget.

The Chairman and members of the Bank's Board of Directors and its auditors shall attend the General Assembly meeting, but their votes shall not count.

In case the Board meets as a General Assembly for public sector banks, the Assembly shall be chaired by the Minister of Economy and Foreign Trade. In his absence, the General Assembly shall be chaired by the Governor of the Central Bank of Egypt.

Article 27

The Board of the Central Bank shall meet upon the convocation of the Governor, or upon the request of either half the number of the Board members or the representatives of the Ministries of Finance, Economy and Foreign Trade.

The Board shall meet at least twice a month, and its meeting shall be held at the Bank's head office in Cairo. It may also meet outside the head office, provided that the meeting should be held in the Arab Republic of Egypt.

Article 28

The Board meeting shall not be legal unless it is attended by at least half the number of its members, other than the Board Chairman, provided that this

quorum shall include a representative of the Ministry of Finance or the Ministry of Economy and Foreign Trade.

Article 29

The resolutions of Board of Directors shall be made with the absolute majority of attending members' votes. In case of equal votes, the side including the Board Chairman shall have the casting vote.

Article 30

The Governor shall run all the Bank's affairs, according to the resolutions of the Board of Directors. Whenever necessary, the two Deputy Governors shall replace the Governor, each within the range of his powers.

Article 31

The Governor shall represent the Bank before the court.

Article 32

The Governor shall be assisted in managing the Bank's affairs by the two Deputy Governors, and Sub-Governors, whose powers shall be determined by the Governor. The Sub-Governors shall be appointed by a decree of the Prime Minister upon the proposal of the Governor.

Article 33

The Bank shall follow its methods of administration in compliance with banking practices without being restricted by the administrative and financial regulations in force in the government and the public sector.

Article 34

The right to sign for the Bank separately shall be vested in each of the Governor and his Deputy Governors.

The Governor shall have the right to nominate proxies authorized to sign on behalf of the Bank.

Article 35

The Board of Directors is empowered to form committees from its members. In order to perform the functions assigned to the said committees by the Board, or to submit to the Board studies and researches as shall be requested by the Board, these committees shall have the power to ask the assistance of the departments concerned in the Bank in exercising their assignments.

Part IV

Chapter 1: The Two Auditors Of the Bank

Article 36

Auditing and verifying the Bank's accounts shall be assigned to two auditors to be appointed by the Central Auditing Agency which shall also determine their remuneration. Auditing the Bank's accounts by them shall stand for auditing these accounts by the Agency.

The Bank should place at the disposal of the auditors such documents, books and data that they regard necessary for such assignment.

Chapter 2: The Bank's Finance

Article 37

The funds of the Bank shall be considered private funds.

Article 38

The financial year of the Bank shall begin and end with the financial year of the state.

Article 39

Within three months from the closing date of its financial year the Bank shall prepare the following:

- A) Profit and loss statement for the ending financial year according to the rules followed in banking establishments.
- B) The balance sheet of the Bank in accordance with the financial accounting rules in bank institutions, to be signed by the Governor of the Bank and the Bank's two auditors.
- C) A report on the Bank's financial position and activities during the ending financial year. The report shall review in particular the economic, monetary and banking developments in the Arab Republic of Egypt.

The profit and loss statement, the balance sheet, and the report referred to above shall be submitted to the Minister of Economy and Foreign Trade within one week from the date of their approval by the Board of the Central Bank.

Article 40

The net profit of the Bank shall be transferred to the Treasury after deducting therefrom the reserves, which the Board of Directors shall decide to form and distribute among its personnel as profit bonuses according to the rules to be set by the Bank in this respect.

Chapter 3: Annual Report on Monetary and Credit Developments

Article 41

The Bank shall prepare an annual report to be submitted to the People's Assembly, reviewing the monetary and credit developments in the Arab Republic of Egypt, within three months from the end of the financial year.

PRESIDENTIAL DECREE FOR LAW No. 205 OF 1990 CONCERNING THE CONFIDENTIALITY OF BANK ACCOUNTS

The President of the Republic
After having perused the Constitution,
The Civil Law:
The Civil and Mercantile Procedural Law:
The Penal Law:

The Criminal Procedural Law;
 Law No 308 of 1955 concerning administrative lien;
 Law No 163 of 1957 promulgating the Banks and Credit Law;
 Law No 162 of 1958 concerning Emergency Cases;
 Law No 54 of 1964 on Reorganization of Administrative Control;
 Law No 34 of 1971 regulating the Imposition of Sequestration and securing the People's Safety;
 Law No 62 of 1975 concerning Illegal Gains;

Law No 120 of 1975 concerning the Central Bank of Egypt and The Banking System;
 Law No 97 of 1976 concerning the Regulation of Dealing in Foreign Currency;
 Law No 95 of 1980 promulgating the Law on Protection of Values From Shame and Disgrace;
 Law No 157 of 1981 promulgating Law on Income Taxes,
 Law No 228 of 1989, promulgating Devolution Tax Law,
 And after the approval of the Cabinet;
 And upon the view of the State Council;

DECREES THE FOLLOWING LAW:

Article 1

All clients' accounts, deposits, trusts, and safes in banks, and all dealings related thereto shall be confidential. No access to them shall be allowed; nor shall any information be divulged thereabout, whether directly or indirectly, except by a written approval by the owner of the account, deposit, trust, or safe, or by an heir, or legatee thereof, for all or part of these funds, or from the legal representative or a proxy, or by virtue of a court or arbitrators ruling.

The prohibition prescribed in the previous paragraph shall apply to all persons and authorities, including those authorities which by law are vested with the power to obtain or have access to papers or information and documents which are confidential in accordance with the provisions of the present law. Such prohibition shall remain standing even if the relation between the bank and the client is terminated for whatever reason.

Article 2

Banks may open for their clients numerated accounts in foreign currencies, or retain deposits from these accounts or accept numerated deposits in foreign currencies. The names of owners of these accounts and deposits shall not be made known except to the bank's officials whose names shall be determined by a decision from its Board of Directors.

After agreement with the Governor of the Central Bank of Egypt, the Minister of Economy and Foreign Trade shall set the terms and conditions for opening or accepting these accounts and deposits.

The Board of Directors of the Central Bank of Egypt shall determine the banks that shall be licensed to open and accept these accounts and deposits.

In all cases the identity of the owner of the account or the numerated deposit shall not be divulged except by virtue of a written permission by him or by any one of his heirs, or legatees of part or the whole of these funds, or by the legal representative or the agent mandated to permit that, or by virtue of a self-executing court ruling, or arbitrators ruling. The prohibition prescribed in the ultimate clause of the previous Article shall apply to these accounts and deposits

Article 3*

The Attorney General or at least any of the first Advocates General to be mandated thereby may, ex officio, or upon the request of an official quarter, or any party concerned, seek from Cairo Court of Appeal, an order to obtain or have access to any data or information related to the accounts, deposits, trusts, or safes prescribed in the two previous Articles, or the dealings related thereto, in either of the following two cases:

- A) If this is so necessitated unveiling a fact in a felony or misdemeanor of which the occurrence is established by substantiated evidences.
- B) Declaration of the financial position on the occasion of a lien imposed by one of the banks subject to the provisions of the present law.

The court, held in CAMERA shall pass its final decision concerning the request for access to or obtainment of data, within three days from submitting such request, after hearing the statements of the public prosecution.

The Attorney General or at least any of the first Advocates

* Amended by law No 97 for 1992.

General shall notify the bank and the parties concerned according to each of the order as passed by the Court in this respect, within three days from issuing it.

The time determined for submission of a declaration of the financial position shall come into effect from the date the bank is notified of the said Court Order.

The Attorney General or any of the first Advocates General has the right to access or obtain any data or information related to the accounts, deposits, trusts or safes prescribed in the two previous Articles or the dealings related thereto if this necessitates to unveil a fact in a crime from those mentioned in the first section of the second chapter in the second book* of the Penal Law.

Article 4

The Board of Directors of the Central bank of Egypt shall set the rules regulating the exchange between the Central Bank and other banks, or among the banks themselves, of the information and data related to their clients' indebtedness and credit facilities, in a way securing their confidentiality and guaranteeing the provision and availability of necessary data and information which ensures the soundness of granting bank credit.

Article 5

Board Chairmen and members of banks, and their Directors, or personnel, shall be prohibited from giving or divulging any data or information of the bank's clients, or their accounts, deposits, trusts or safes, or their dealings in respect thereof. Nor shall they enable third parties to have access thereto except in cases where this is authorized by virtue of the provisions of the present law.

This prohibition shall apply to all persons who by force of their occupation or position, or work can have access, directly or indirectly, to the foregoing data and information.

* Corrigendum published in the Official Journal No 36 of 3/9/1992 Page 2218.

Article 6

The provisions of the present Law shall not violate the following:

- 1) The duties that are legally performed by banks' auditors and the powers legally vested in the Central Bank and/or the Ministry of Economy and Foreign Trade.
- 2) The Bank's duty to issue a certificate detailing the reasons for refusing to disburse the check, at the request of the person entitled to such right.
- 3) The Bank's right to reveal all or part of the information concerning the client's dealings, as necessary to establish the bank's right in a judiciary dispute arising between the client and the bank in respect of these dealings.

Article 7

Without prejudice to any stricter penalty, any person violating the provisions of Article 1, Article 2 (ultimate clause) and Article 5 of the present law shall be liable to imprisonment for a period of no less than one year, and a fine of no less than ten thousand Egyptian Pounds (LE), and not exceeding twenty thousand pounds.

Article 8

All provisions contradictory to the provisions of this law are hereby void and null.

Article 9

The present Decree Law shall be published in the Official Journal and shall have the force of Law, and shall come into effect as of the day following the date of its publication.

Promulgated at the Presidency of the Republic on 12 Rabie I 1411 (Hegira year), corresponding to October 2, 1990.

Hosni Mubarak

LAW NO. 120 OF 1975*
RELATING TO THE CENTRAL BANK OF EGYPT
AND THE BANKING SYSTEM

In the Name of the People
The President of the Republic

The People's Assembly approved the following Law and we hereby enact it.

Chapter I
The Central Bank of Egypt

Article I

The Central Bank of Egypt is an autonomous public legal entity, which formulates monetary, credit and banking policy and supervises its implementation in accordance with the general plan of the state with a view to developing and fostering the national economy and maintaining the stability of the Egyptian currency. The Bank shall exercise the powers and carry out the functions entrusted to it by Law No 163 of 1957 promulgating the Banking and Credit Law, and in accordance with the provisions and rules set forth therein without prejudice to the provisions of this Law.

Article 2

The seat and the legal domicile of the Bank shall be the city of Cairo. The Bank may establish offices in the Arab Republic of Egypt or abroad, and may have agents and correspondents in Egypt or abroad as may be necessary for the conduct of its business.

* Published in the Official Journal (Arabic Version) No 39 issued on September 25th, 1975.

Article 3

The Bank shall carry out banking operations pertaining to the Government and other public legal entities, as well as domestic and external financing, and credit operations with banks pursuant to the provisions of Law No 163 of the year 1957 referred to above. The Bank shall not carry out such operations for bodies other than those mentioned.

The Bank may authorize any of the public legal entities referred to in the above paragraph, to deal with other banks.

Article 4

The Bank's funds shall be considered as private funds.

Article 5*

The Bank shall adopt the administrative methods as regularly pursued in banking institutions, without being restrained by the administrative and financial systems and rules stipulated in the laws and regulations applicable in the government, public sector and public business sector.

The Bank's Board of Directors is entitled to issue its financial by-laws as well as those regulating its own bids and auctions, without being restrained by the Law Regulating Bids and Auctions issued by Law No 89 for 1998.

Article 6**

The CBE shall have a Board of Directors under the chairmanship of the Governor and membership of:

- 1) The Two Deputy Governors.
- 2) The Chairman of Capital Market Authority.
- 3) Two of board chairmen of banks
- 4) One representative of each of the Ministries of Economy and Foreign Trade, Finance, and planning to be chosen by the ministers concerned.
- 5) Four senior specialists in banking, monetary, financial and legal affairs.
- 6) Two from the business sector.

* Amended by Law No. 14 for 2002.

** Amended by Law No 50 for 1984 and Law No 37 for 1992.

In the absence of the Governor, the senior Deputy Governor shall be the Acting chairman.

A Presidential Decree shall be issued appointing the Governor and the two Deputy Governors, and determining their remuneration, allowances and bonuses upon the proposal of the Prime Minister. The Governor and the two Deputy Governors shall be appointed for a renewable term of four years.

The Governor shall not be dismissed during his original or renewed term of office.

Members of the Board mentioned in items (3), (5) and (6) shall be appointed for a renewable term of four years by virtue of a decree of the Prime Minister, after consultation with both the Minister of Economy and Foreign Trade, and the Governor of the CBE.

A decree of the Prime Minister shall be issued, after consultation with the Minister of Economy and Foreign Trade and the Governor of the CBE, determining the remuneration of members of the Board mentioned in items (5) & (6) and determining as well the attendance allowances for the Board meetings.

Article 7*

The Board of Directors of the Bank shall be the authority vested with the powers for the management of its affairs and for the regulation of monetary,

credit and banking policy and the supervision of its implementation. The Board shall also make resolutions on measures necessary to achieve the purposes and objectives the Bank aims to carry out, pursuant to the provisions of Law No 163 of the year 1957 referred to above, within the framework of the general plan of economic and social development, and in accordance with the general policy of the State.

In this respect, the Board may resort to the following means:

- a) Influencing the orientation of credit with regard to its volume, type and cost, so as to meet the real needs of various aspects of economic activity.
- b) Participation in the arrangements of foreign credit for the fulfillment of the requirements of the development plans, and the fostering of the national economy.

*Amended by Law No 37 for 1992 and Law No. 97 for 1996.

- c) Adoption of suitable measures to combat general and domestic economic or financial disturbances.
- d) Determination of the discount and return rates on the banking operations of the bank according to the nature of these operations, their maturities and the need for such operations in line with the monetary and credit policy without being confined in this respect to the limits stipulated in any other law.
- e) Control of banks so as to ensure the soundness of their financial positions, whether they are State-owned, joint ventures or branches of foreign banks.
- f) Management of the State reserves of gold and foreign exchange, and the regulation of the flow of foreign exchange between the Central Bank and other banks.
- g) Participation in the preparation of the State's foreign exchange budget and its implementation within the framework of the general policy drawn up by the Ministry of Finance in agreement with the Ministries of Economy and Economic Cooperation*, Trade, Planning and Supply and with the Central Bank.

- h) Coordination and approval of the regulations and resolutions referred to in Paragraph (h) of Article 19, without prejudice to the provisions of Article 22 of this Law.
- i) Approval of the profit and loss statement, the balance sheet as well as the report of the Bank on its financial position and operations as stipulated in Article 12 of this Law.
- j) Approval of the organizational structure of the Bank upon the proposal of the Governor.
- k) Issuance of regulations concerning the affairs of personnel: their salaries and wages together with their remuneration, privileges and special allowances, as well as the rates of their travelling allowances internally and abroad.

* Now the Ministry of Economy and Foreign Trade.

In adopting resolutions according to items (j) and (k) of this Article, the Board of Directors shall not be bound by the rules and regulations stipulated in the Decree Law No 58 of the year 1971 promulgating the Code of the State Civil Servants and the Decree Law No 61 of 1971 promulgating the Code of the Public Sector Employees.

Article 8

The Governor shall manage all the Bank's affairs in compliance with the resolutions of the Board of Directors.

Article 9

The Central Bank shall have the right to examine the books and records of banks at any time, so that it may ensure obtaining data and clarifications it deems appropriate to achieve its purposes. Such examination shall take place in the premises of each bank, and shall be carried out by the Central Bank's inspectors and their assistants who are delegated for this purpose by the Governor of the Central Bank from a list approved by the Minister of Economy and Economic Cooperation. The Central Bank shall report the inspection results and the Bank's

recommendations thereof to the Minister of Economy and Economic Cooperation.

Article 10

The Bank's financial year shall begin and end with the financial year of the State.

Article 11

The auditing of the Bank's accounts shall be annually entrusted to two auditors who will be appointed as well as their fees shall be fixed by the Central Auditing Agency. This auditing shall be in lieu of the control of the Agency.

The Bank shall place at the disposal of the auditors the documents, books and data they may deem necessary to carry out such auditing.

Article 12

The Bank shall, within three months after the end of the financial year, prepare the following:

- a) A profit and loss statement at end of the financial year in accordance with the practices followed by banking establishments.
- b) A balance sheet for the Bank, signed by the Governor and the auditors, prepared according to the principles of financial accounting adopted by banking establishments.
- c) A report on the Bank's financial position and operations at end of the financial year. The report shall review in particular, economic, monetary and banking developments in Egypt.

The above-mentioned profit and loss statement, balance sheet and report shall be submitted to the Minister of Economy and Economic Cooperation within a week from the date of their approval by the Board of Directors.

Article 13

The Bank shall submit to the People's Assembly, within three months following the end of the financial year, an annual report on monetary and credit developments in the Arab Republic of Egypt.

Article 14

The statutes of the Bank shall be issued by a Presidential Decree. Pending on the issuance of the said Statutes, the present statutes of the Bank promulgated by Presidential Decree No 2336 of the year 1960 shall remain in force, without prejudice to the provisions of this Law.

Chapter II

THE BANKING SYSTEM

Article 15

The term “commercial banks” refers to banks that usually accept deposits payable on demand or within fixed terms; carry out domestic and external financing and the servicing thereof in such a manner as to achieve the objectives of the development plan and the State’s policy as well as fostering the national economy; perform operations for the promotion of savings and financial investment domestically and abroad, including participation in the establishment of projects and the related banking, commercial and financial operations, and in accordance with the conditions set by the Central Bank.

Article 16

The term ‘specialized banks’ (non-commercial) refers to banks that carry out banking operations serving a specific type of economic activity in conformity with their establishing decrees, and for which the acceptance of demand deposits is not one of their main activities.

Article 17

The term ‘business and investment banks’ refers to banks that carry out operations related to mobilization of saving for the purpose of investment in accordance with the economic development plans and the policies envisaging the fostering of the national economy. In this respect, such banks may establish investment companies or other companies exercising various types of economic activity. They may also undertake financing of Egypt’s foreign trade operations.

Article 18*

Each public sector bank, whether a commercial, specialized, or business and investment bank shall have a Board of Directors formed as follows:

- a) Chairman of the Board of Directors.
- b) Two Deputy Chairmen.

*Amended by Law No 37 for 1992.

- c) Six prominent specialists in banking, financial, economic and legal affairs, comprising at least one of the directors working in the bank.

A decree shall be issued by the Prime Minister, after consultation with the Minister of Economy and Foreign Trade and the Governor of the CBE, appointing the Board chairman, the two deputies, the Board members, and the bank’s representatives in other banks in which the bank contributes to their capital.

The salaries, allowances and remuneration of the Board chairman, and his two deputies, the remuneration of the non-staff specialist members of the Board and the attendance allowances of the Board of Directors shall be determined by the Prime Minister's decree.

The Banks' Board of Directors shall appoint its representatives to the companies in which the bank contributed to their capital and in accordance with the rules and regulations to be issued by a Prime Minister decree. The Board chairmen of public sector banks shall appoint their representatives in the general assemblies of the banks and companies in which public sector banks are shareholders.

Article 19

The Board of Directors of each of the public sector banks referred to in the preceding Article shall be the authority vested with the powers for the management of the affairs. The Board shall set credit policy to be followed, supervise its implementation in accordance with the economic development plan, and make resolutions necessary for achieving the purposes and objectives of the bank pursuant to the provisions of Law No 163 of the year 1957 referred to above within the framework of the State general policy.

The Board, within the activity of each bank, may resort to the following means:

- a) Participating in financing domestic and external operations and servicing thereof in accordance with the economic development plan and the conditions set by the Central Bank.
- b) Handling operations for the promotion of saving and for financial investment domestically and abroad, in accordance with the general policy of the State and the conditions set by the Central Bank.
- c) Participating in the establishment of projects, and investment and trust companies.

- d) Carrying out banking operations-financial and commercial-in conformity with Law No 163 of the year 1957 referred to above, and the Decree establishing the bank and its statutes.
- e) Approving the draft budget as well as the final accounts and the balance sheet of the bank.
- f) Issuing regulations and resolutions relating to the bank's operations, its financial and technical affairs, methods of administration, and work programs.
- g) Approving the organizational structure of the Bank upon the proposal of the Chairman of the Board of Directors.
- h) Drawing up the regulations concerning the conditions of personnel, their salaries and wages, together with their remuneration, privileges and allowances, as well as their travelling allowances internally and abroad.

In adopting resolutions according to items (f), (g) and (h), the Board of Directors shall not be bound by the rules and regulations stipulated by the Decree Law No 58 of the year 1971 promulgating the Code of the State's Civil Servants, the Decree Law No 60 of the year 1971 promulgating the Public Organizations and Public Sector Companies Law, and the Decree Law No 61 of the year 1971 promulgating the Code of the Public Sector's Employees.

Chapter III

General and Concluding Provisions

Article 20

Business and investment banks shall be subject to the provisions of Law No 163 of the year 1957 referred to above, which are consistent with the nature and functions of these banks.

The Board of Directors of the Central Bank may issue general rules concerning control of the aforementioned banks, in conformity with the provisions of the said Law.

Article 21

Resolutions of both the Board of Directors of the Central Bank and the Boards of public sector banks, and the decisions of their chairmen, shall be enforced without having to be approved by a higher authority in the following cases:

- a) Credit and banking operations carried out by the Central Bank and public sector banks, provided that they do not violate the provisions of Law No 163 of the year 1957 and the executive regulations pertaining thereto.
- b) Staff appointment, promotion, secondment, assignments, transfer and missions except with regard to Board members, as well as penalties without prejudice to the power of the Disciplinary Court.
- c) Dispatching employees on official missions.

Article 22*

The CBE Board of Directors shall assume the powers of the General Assembly with regard to public sector banks. In particular, it shall:

- a) Approve the balance sheet, the profit and loss statement, and the distribution of profits.

* Amended by Law No 50 for 1984 and Law No 37 for 1992

- b) Authorize the bank to use the provisions for purposes other than those for which they are allocated in the bank's balance sheet.

- c) Amend the banks' statutes, including the extension or shortening of banks' duration and increasing or decreasing the banks' authorized and paid -up capital.
- d) Decide on the merging or division of a bank. The decision in this respect shall not be valid except after the approval of the Cabinet.
- e) Approve the planning budget.

The chairman and the board members of the bank and the auditors shall attend the General Assembly but their votes shall not count. In case the Board convenes as a General Assembly for public sector banks, it shall be chaired by the Minister of Economy and Foreign Trade. In case of his absence, the General Assembly shall be chaired by the Governor of the CBE.

Article 23*

The Board of Directors of the Central Bank shall be empowered to approve the planning budget of the Central Bank. Its decision in this respect shall be final.

The State Budget does not include the current and capital resources and utilization of the Central Bank and the public sector banks.

The net profits of those banks, after the deduction of the amounts to be allocated as reserves, shall be transferred to the Treasury.

Article 24

As an exception from the provisions of laws, regulations, and decisions governing importation, the Central Bank and the public sector banks shall be allowed to import without license-subject to inspection-either by themselves or via other parties-such machines, apparatuses and equipment including computers necessary for the conduct of their business. Such cases shall be exempted from submission to Adjudication Committees.

* Amended by Law No 50 for 1984.

Article 25

Pending on the issuance of regulations referred to in paragraph (k) of Article (7) and paragraph (h) of Article (19), current regulations applied in the Central Bank and the public sector banks shall remain valid, provided that they do not contradict with the provisions of this Law.

Article 26

The phrase (Minister of Economy and Economic Cooperation) shall substitute for (The Minister of Finance and Economy) wherever mentioned in Law No 163 of 1957 referred to above.

Article 27

Provisions of Law No 163 of 1957 referred to shall be applicable wherever a special clause is not provided for in the present Law and where they are not in contradiction with the provisions thereof. Provisions of chapter VI Section 2 of Decree Law No 60 of 1971 promulgating the Law of Public Organizations and Public Sector Companies shall also apply to the Central Bank of Egypt.

Article 28

As an exception from the provisions of Article 29 of Law No 26 of 1954 relating to Joint Stock Companies, Companies Limited by Shares and Limited Liability Companies, chairmen and members of the boards of directors of public sector banks may represent their banks in the boards of Joint venture banks established in accordance with Law No 43 of 1974 on the Investment of Arab and Foreign Funds and Free Zones. Such a representation shall be in accordance with the rules to be issued by a resolution of the Board of the Central Bank.

Article 29

The Minister of Economy and Economic Cooperation is authorized to issue, within three months from the date this Law come into force, the decisions necessary for its implementation.

Article 30

Boards of Directors of the Central Bank and the public sector banks as constituted at present shall continue to exercise the powers conferred upon them pending on the issue of the decisions for the formation of the Boards of Directors for these banks in conformity with the provisions of this Law.

Article 31

Law No 250 of 1960 relating to the Central Bank of Egypt and the National Bank of Egypt, and all provisions contradictory to the provisions of this Law, are hereby cancelled.

Article 32

This Law is to be published in the Official Journal and shall come into force as from the date of its publication.

This Law shall be stamped by the seal of the State and shall be enforced as one of its laws.

Issued at the Presidency of the Republic on 8th Ramadan Hegira year 1395 Corresponding to 13th September 1975, A.D.

Anwar El-Sadat

LAW NO. 163 OF 1957**PROMULGATING THE BANKS AND CREDIT LAW*****(Issued by a Presidential Decree)**

In the Name of the Nation

The President of the Republic

After having perused Law No 57 of 1951 establishing a Central Bank for the State,

Law No 26 of 1954 regarding certain provisions concerning joint-stock companies, companies limited by shares and limited liability companies;

Law No 20 of 1957 concerning the Economic Organization;

Law No 22 of 1957 on certain provisions concerning the pursuit of banking operations;

And upon the view of the State Council;

DECREE THE FOLLOWING LAW**Article 1**

The provisions of the accompanying Law concerning banks and credit are to be applied.

Article 2

Every establishment subject to the provisions of the accompanying Law and carrying out business at the time it is issued must submit, within three months from the date it comes into force, an application for its registration in the Register prepared for this purpose at the Central Bank according to the rules and conditions stipulated in Articles 20, 21 and 22.

Such establishments are to be exempted from the conditions stipulated in Art. 21 provided that they should meet these conditions during the period and according to the rules and conditions stipulated by Law No. 22 for the year 1957 on certain provisions concerning the pursuit of banking operations.

* Published (in Arabic) in the Official Journal No 53 bis (g) issued on 13th July 1957 and amended by subsequent laws.

The registration of an establishment shall be cancelled if it fails to meet the conditions contained in the Article within the fixed period.

Article 3

The Minister of Finance and Economy may, for the period and under the conditions he may determine, exempt any of the banks existing at the date this Law is issued from the application of Article 39 paragraph D.

Article 4

With regard to matters concerning the Central Bank, the Minister of Finance and Economy exercises the functions conferred on the Economic Organization by virtue of Law No 20 for the year 1957.

Article 5

The provisions of Article 17 apply to the bank notes issued by the National Bank of Egypt before the application of this Law.

Article 6

Law No 57 of 1951 establishing a Central Bank for the State, as well as whatsoever contradicts the provisions of the accompanying Law are hereby cancelled.

Article 7

This Decree shall be published in the Official Journal and shall have the power of the Law. It applies after the elapse of thirty days from the date it is published.

This Decree shall be stamped by the State Seal and shall be executed as one of the State's Laws.

Promulgated at the presidency of the Republic on 15 Zul Hegga 1376 (Hegira year), corresponding to 13 July 1957. A.D.

Gamal Abdel Nasser

Part 1
BANKS AND BANK CONTROL
CHAPTER I – THE CENTRAL BANK
SECTION I – THE BANK STATUTES AND PURPOSES

Article 1

The National Bank of Egypt shall be the Central Bank of the State. It shall organize credit and banking policy and supervise its execution in conformity with the general plans of the State and in such a way as to ensure the fostering of the national economy and the stability of the Egyptian currency.

To achieve this end, the Bank shall apply the following means:

- a) To influence the flow of credit as regards volume, nature and rate in order
to meet the real requirements of commercial, industrial and agricultural activities.
- b) To take suitable measures to address general and domestic economic or financial disturbances.
- c) To control banking institutions so as to ensure the soundness of their financial position.
- d) To manage the State reserves of gold and foreign exchange.

Article 2

The Central Bank shall have a Board of Directors to exercise the powers authorized to the Bank in accordance with the provisions of the present Law.

The Board shall be formed of a Governor as a chairman, a Deputy - Governor, a number of members not less than three or more than seven, and two delegates from the Ministry of Finance and Economy having the same powers and rights of the other members.

Article 3

The Governor and the Deputy-Governor shall be appointed by a Presidential Decree for a renewable period of five years; and both shall have no other occupation.

The two delegates of the Ministry of Finance and Economy shall be appointed by a Decree from the Minister of Finance and Economy.

The other members shall be elected by the General Assembly for a period of five years.

Article 4

The Governor, his Deputy and the members of the Board shall fulfill the following qualifications.

- a) They should be Egyptian by birth.
- b) They should have no serious interests in any other bank covered by the provisions of the present Law.
- c) They should be enjoying all their civil and political rights.

Article 5

The President of the Republic shall decree the Statutes of the Central Bank.

Article 6

The Board of Directors shall exercise the powers conferred on the Bank by the present Law.

Article 7

The Board of Directors shall convene upon invitation by the Governor to examine the matters put before him.

The Board shall also convene according to a demand submitted by half the number of members or upon the demand of the two delegates of the Ministry of Finance and Economy.

The Board shall convene at least twice every month.

The meeting shall not be valid unless attended by at least half of its members including one of the two delegates of the Ministry of Finance and Economy.

Decisions shall be taken by absolute majority, and in case of equal votes the side including the chairman shall have the casting vote.

Article 8

The Governor shall manage all the Bank's affairs in conformity with the Board decisions.

Article 9

The Central Bank shall prepare a weekly statement on its financial position compared with its position during the preceding week, according to the form established by the Board in agreement with the Minister of Finance and Economy.

This statement shall be published in the Official Journal; a copy signed by the Governor shall be sent to the Minister of Finance and Economy.

Article 10

The auditing of the Bank accounts shall be entrusted annually to two auditors selected by the Minister of Finance and Economy.

The Bank shall place at the disposal of the auditors all books, papers and statements they deem necessary for carrying out their duty.

Article 11

The net profits resulting from the note issue operations, after deducting the expenses as approved by the auditors, shall be divided between the Government and the Bank at the ratio of 85% for the Government and 15% for the Bank. Any increase arising from the revaluation of the gold in the note-issue cover accrues to the Government.

Article 12

The annual net profits of the Bank-after deducting the transfers to the reserves and part of the profits to be carried forward-as may be decided by the Bank's Board-shall be appropriated for the payment of dividends to shareholders within 20% of the nominal value of the shares.

SECTION II-THE CENTRAL BANK RELATIONS WITH THE GOVERNMENT

Article 13

The Bank shall act as the Government bank, and shall receive no charges for the services it renders to the Government.

The Bank-after the approval of its Board-may carry out banking operations for other public legal persons under the same conditions.

Article 14

The Bank shall act on behalf of the Government in administering, floating, serving and amortizing the public debt.

The Bank shall give advice to the Government before concluding local or foreign loans.

Article 15

The Bank may advance loans to the Government to cover seasonal deficits in the State Budget within 10% of the average public revenue during the three preceding years. These loans shall be granted for three renewable months and shall be settled within 12 months at most from the date they are advanced.

The terms of these loans shall be determined by an agreement between the Government and the Bank according to the then prevailing monetary and credit conditions.

SECTION III- ISSUE OF BANKNOTES

Article 16

The Central Bank shall have the exclusive right to issue bank notes. The Minister of Finance and Economy- after consulting the Bank – shall fix the denominations, dimensions, designs and other specifications of the notes to be issued.

These notes shall bear the signature of the Bank's Governor.

Article 17

Notes issued by the Bank shall have unlimited legal tender.

Article 18

Banknote in circulation shall always have an equivalent cover consisting of gold, foreign currency, foreign bonds, Egyptian Government Bonds and bills, Egyptian bonds guaranteed by the Egyptian Government and discountable commercial papers.

The required amount of gold in the note-issue cover shall be fixed by a decree from the President of the Republic. The type and proportion of other assets shall be determined by a decision by the Minister of Finance and Economy after consulting the Bank.

Chapter II- BANKS **SECTION I – GENERAL RULES**

Article 19

No person, organization, or establishment not registered according to the provisions of this Law shall practice any of the banking operations as basic or habitual pursuit.

The following are exempted:

- a) Public institutions conducting such operations within the limits of the decree by virtue of which they are established.

- b) Finance houses, which lend money against mortgage.
- c) Real estate companies and other organizations which deal with plots divisions or the construction of buildings and the selling thereof on credit.

Article 19 bis *

The Governor of the Central Bank of Egypt (CBE) shall have the power to authorize foreign banks to set up representation offices in the Arab Republic of Egypt on the following conditions:

- 1) They should have no branches in Egypt.
- 2) Their head offices must be subject to the control of the monetary authority in the country where these head offices are based.
- 3) The activities of representation offices shall be confined to conducting studies on the markets and on investment potentials. They shall act as liaison with their head offices abroad, and shall contribute to surmounting problems and difficulties that may encounter their head offices' correspondents in Egypt.
- 4) Representation offices shall refrain from performing any banking or commercial activities, including the activities of commercial agents and financial intermediaries.

Representation offices, following their establishment in accordance with Article 173 of Law No 159 of 1981, shall be recorded in a special register at the Central Bank of Egypt in compliance with the procedures stipulated in the Executive Regulations.

Representation offices shall be subject to the control of the CBE. The CBE shall have the right at any time to examine the books and records of the said offices and to obtain the data necessary for achieving the objectives of control and supervision over these offices.

In case a representation office violates any of the conditions stipulated in this Article, it shall be deleted from the register by virtue of a decree from the Governor of the CBE. The decree shall not be issued except after notifying the

office by a registered letter with acknowledgment of receipt to present its defense in writing within two weeks from the date of notification

* Added by Law No 37 for 1992.

The existing representation offices of foreign banks shall submit their request to the CBE, conveying their wish to conduct their activities in accordance with the provisions of this Law within a period of six months from the date of its enforcement.

Article 20

Application for registration shall be submitted to the Central Bank in accordance with the rules and conditions to be established by the Executive Regulations, and after settling the fees to be fixed by the said Regulations within L.E 100 for the head office and LE 50 for every branch or agency. The proceeds shall be credited to the account specified for control and supervision fees.

Article 21*

Banks shall be recorded in a special register prepared for this purpose at the CBE following the approval of the CBE Board of Directors and according to the following conditions.

- 1) The banks shall take one of the following forms:
 - a) An Egyptian joint stock company whose shares shall all be nominal.
 - b) A public legal person whose objective is to engage in banking activities.
 - c) A branch of a foreign bank whose head office enjoys a specified nationality and is subject to the control of a monetary authority in the country where the head office is based.
- 2) The CBE shall approve the statute of the bank and the management contracts concluded with any party to manage the bank. This provision shall apply to all renewals or modifications of the management contracts or the statutes existing at the time the present Law comes into force.
- 3) 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 pounds. The capital may be paid fully or partially in equivalent free currencies. As to branches of foreign banks, the funds ablated for their activities in A.R.E. shall not be less than fifteen million US dollars or the equivalent in foreign currencies.

* Amended by Law No. 37 for 1992.

Banks and branches of foreign banks which are registered with the CBE must fulfill these required capital limits within a period not exceeding four years from the date of enforcement of this Law and according to a timetable to be determined by the CBE Board of Directors.

Article 21 bis*

The Minister of Economy and Foreign Trade, after consultation with the CBE Board of Directors and in accordance with the rules to be set in the Executive Regulations, may authorize the banks and branches of foreign banks existing at the time this Law comes into force and whose dealings are restricted to free currencies, to deal also in local currency.

The Minister shall also set the terms and conditions for issuing work licenses to branches of foreign banks which desire to exercise their activities in Egypt following the date of enforcing the present Law.

In all cases, the head offices of the said branches should be subject to the control of a monetary authority in the country where these head offices are based.

Article 21 bis (1)**

The share that non Egyptians own in the capital of joint venture and private banks may exceed 49% of the issued capital of any bank. Whatsoever contradicts this provision is hereby repealed.

Any physical person –except through inheritance – or any legal person shall be prohibited from owning more than 10% of the issued capital of one of the banks referred to in the first paragraph without a prior approval of the CBE Board of Directors. Disposal contradicting to this provision shall be considered null and void.

* Added by Law No 37 for 1992, and amended by Law No 101 for 1993.

* * Added by Law No 97 for 1996.

Note : Article (5) of Law No. 97 for 1996 stipulated the following:

Provisions of the second paragraph of Article 21 bis (1) of Banks and Credit Law referred to shall not apply to the contributions that exceed the ratio stated in this paragraph, in the date this Law is put into force, and no increase shall be made in the amount of these contributions without a prior approval of the CBE.

If a physical person possesses by inheritance a higher ratio than the one stated in the previous paragraph, he must adjust his positions according to the rules set by the CBE within a period not exceeding two years from the date this increase accrues to him. Possession of a higher ratio without adjusting his positions within the respite referred to, shall not entail any right in the general assembly of the bank or in the membership of the board of directors or in the selection of the board's members.

Article 22

The Central Bank Board – after the approval of the Ministry of Finance and Economy – may reject the registration application for any of the following reasons:

- a) Violation of any of the provisions stipulated by this Law, its Executive Regulations, or by other laws and regulations.
- b) If the existence of the bank does not conform with the general economic interests or to the special circumstances of the locality where the establishment of the bank is suggested.
- c) If the commercial name adopted by the bank coincides with or is so similar to the name of another bank or institution that it may be confused with it.

The applicant shall be notified of the refusal and its reasons by a registered mail with acknowledgment of receipt.

The applicant shall be considered as having renounced his application if within three months from the date of his notification he fails to complete the application and its annexes or to fulfill the conditions required by the Board of the Central Bank.

In all cases, the applicant shall have no right to draw back the paid fees. The Board's decisions approving registration applications shall be published in the Official Journal.

Article 23

It is prohibited for any establishment not registered according to the provisions of this Law to use the term “bank”, its synonyms or any similar term in any language whether in its private or commercial name, or in its advertisements.

Article 24

The Central Bank shall be notified of any suggested amendment to the establishment contract or statutes of the company. Any change in the information submitted when applying for registration shall also be notified. The notification shall be submitted according to the conditions set in the Executive Regulations, and the Central Bank Governor shall issue a decision according to the rules set for registration applications. These amendments shall not come into force before being signed in the register’s margin.

Article 24 bis *

The Governor of the CBE must be notified of the decisions to be issued concerning the appointment of the board members and general managers of the bank, and the directors in charge of credit, investment, or foreign operations including exchange transactions as well as all data about them. Notification shall be made within 30 days as from the date of issuing the said decisions, and shall be made on the form set by the CBE for this purpose.

The Minister of Economy and Foreign Trade, upon the proposal of the Governor of the CBE, if he finds it necessary to maintain the safety of the depositors’ fund and the banks’ assets, shall have the power to issue a substantiated decree to discharge any of the members of the Board of Directors, general managers or directors in charge of the assignments referred to in the previous paragraph. The party concerned may in such case, submit to the Minister of Economy and Foreign Trade a complaint regarding his discharge within 60 days from the date he is notified of the said decree.

The provisions of this Article shall apply to branches of foreign banks.

Article 25**

Without violating the provisions of the Central Auditing Agency Law, a bank’s accounts shall be examined by two auditors to be selected from a register prepared for this purpose in consultation with the CBE and the Central Auditing

Agency. The same auditor may not examine the accounts of more than two banks simultaneously.

* Added by Law No 50 for 1984, and amended by Law No 37 for 1992 as well as Law No. 97 for 1996.

** Amended by Law No. 37 for 1992.

The bank shall notify the CBE of the appointment of the two auditors within 30 days from the date of their appointment.

The Governor of the CBE, for reasons viewed justifiable by him, may assign to a third auditor the carrying out of a specific function, provided that his remuneration shall be borne by the CBE.

Banks shall be prohibited from granting loans, credit facilities or any kind of guarantees to their auditors, their spouses, or their children or any establishment in which the auditors, their spouses or their children are – in personal capacity – partners or members of the Board of Directors.

Article 26*

The auditor shall notify the bank and the CBE – in writing- of any shortage, error or violation that deserves objection.

The annual report prepared by the auditor must include the means he has used to ascertain the existence of the assets, the method for their evaluation, and the way used to estimate outstanding commitments and to verify the bank's obligations.

The auditor shall also explain in the report if any of the transactions he has examined violates any provision of this Law, or of the Executive Regulations and decrees thereof, or of the established banking principles. At least two months prior to the convention of the general assembly, the auditor shall furnish the CBE with a copy of the report coupled with a copy of the financial statements, in which he shall express his views in relation to the following:

- a) The degree of adequacy of the banks' internal control system.

- b) The degree of adequacy of provisions to meet any deficiency in the value of assets, and any obligations that the bank may have to carry, along with determining the amount of shortage in provisions, if any.

* Added by Law No 50 for 1984, and amended by Law No 37 for 1992 as well as Law No 97 for 1996.

The CBE Board of Directors, may issue a resolution within one month from the date it receives a copy of the above-mentioned report to the effect that it disregards the realization of dividends distributable among shareholders and others who have right in dividends, if any shortage appears in the required provisions.

Article 26 bis*

All banks that shall conduct business in the Arab Republic of Egypt are subject to the provisions of this Law.

Article 27

Banks shall submit to the Central Bank monthly statements on their financial positions at the dates and in the form designated in the Executive Regulations.

Article 28

Every Bank shall submit to the Central Bank a copy of every report submitted to the shareholders about its activities within three days at most from the date it is forwarded to them, and a copy of the minutes of every general assembly within 30 days from the date the assembly is held.

Article 29

Every bank shall submit to the Central Bank all information or explanations it may require about the operations conducted by the said bank.

The Central Bank – whenever necessary and after the approval of the Ministry of Finance and Economy – may delegate one or more officials from a

list approved by the Minister of Finance and Economy to peruse the books and records of a bank at its premises.

** Added by Law No 50 for 1984.

Article 29 bis*

Each bank shall have the authority to determine the return rates on its banking operations according to the nature of these operations regardless of the limits stipulated in any other legislation.

Each bank may determine the fees for the banking services it renders within the framework of the monetary policy and the requirements of full competition.

Article 30

Every bank shall have funds in Egypt equivalent at least to its liabilities due for payment in Egypt to its creditors plus an amount not less than the minimum required for the paid-up capital.

For the application of this clause, funds held in Egypt include those amounts which the bank is permitted to keep abroad.

Article 30 bis**

In case a bank is exposed to financial problems affecting its financial position, the Board of Directors of the CBE shall require from the management of the said bank to secure the needed additional financial resources by increasing the paid-up capital or by depositing support funds with the bank according to the terms and within the period specified by the CBE Board of Directors. If the given period elapsed without fulfillment of the request, the CBE Board of Directors shall have the right then, either to determine the increase in the capital as reckoned necessary and offer it for subscription according to the procedures and conditions set forth, or issue a decree merging this bank with another, subject to approval by the latter bank, or otherwise a decree deleting the bank in

conformity with the rules stipulated in Article 34 of Law No 163 of 1957 promulgating the Banks and Credit Law.

* Added by Law No 97 for 1996.

* * Added by Law No 37 for 1992.

A bank shall be considered facing financial problems (in accordance with the provisions of this article) if it meets one of the following conditions:

- a) Insufficiency of the bank's assets to meet its obligations to the extent that undermines the depositors' funds.
- b) Substantial squandering of the bank's assets or revenues caused by the violation of laws or regulations or due to risky practices that do not conform to the principles of the banking business.
- c) Applying unsound methods in managing the bank's activity that result in tangible inadequacy of shareholders' equity or which affect the rights of depositors and other creditors.
- d) Emergence of strong evidence that the bank shall not be able to meet the requirements of depositors or fulfill obligations in normal conditions.

Article 31*

Banks subject to this Law may form among themselves an Association whose statute shall be promulgated by a decree issued by the Minister of Economy and Foreign Trade following the approval of CBE.

The Banks' Association shall enjoy the status of an independent legal person and shall be recorded in a special register with the CBE after paying a fee of two hundred Egyptian Pounds. The decree establishing the Association and its statute shall be published in the Egyptian Official Journal at the expense of the Association.

Consequent upon publication, the Central Assembly of Banks operating in Egypt shall be terminated while its funds, rights and obligations all shall accrue to the Association.

The Bank' Association shall exert efforts to raise the level and modernize the banking business in Egypt, to enhance the traditions of a sound banking business, to follow standardized regulations and procedures, and to consult on common issues in order to ensure healthy competition among member banks.

* Amended by Law No 37 for 1992 and Law No 97 for 1996.

Each bank shall have the right to join the Association provided that it shall adhere to its statute. The Governor of the CBE shall appoint a delegate to the Association. Such delegate shall have the right to attend the Association's sessions and participate in discussions but shall have no vote.

Article 31 bis *

A fund called the "Deposits Insurance Fund" shall be set up for insuring deposits held with banks operating in Egypt and registered at the CBE. The Fund shall enjoy the status of a legal person and have an independent budget. It shall be subject to the supervision of the CBE, and shall be based in Cairo.

The statute of the Fund shall be promulgated by virtue of a Presidential Decree upon the proposal of the Prime Minister after consultation with the CBE, without adherence to the laws, regulations and rules applied by the government, the public sector, and the public business sector. The statute of the Fund shall particularly include the following:

- a) The objectives of the Fund and the means of achieving them as well as regulating relations between the Fund and the CBE.
- b) Membership fees and conditions as well as the amount of annual subscriptions by member banks.
- c) The administrative and operational system of the Fund and the formation of its Board of Directors.

- d) The range of insurance for deposits and determination of a ceiling for such insurance.
- e) The financial resources of the Fund and the rules and ways governing disbursements.
- f) Auditing the accounts of the Fund.

* Added by Law No 37 for 1992.

Article 31 bis (1) *

The Governor of the CBE shall have the power, upon the proposal of the Fund's Board of Directors, to take any of the following measures in case a member bank of the Fund violates the provisions of the statute or the Executive Regulations thereof:

- a) Issue a caution.
- b) Collect an amount not exceeding 5% of the annual subscription due on the bank in the month of January preceding the perpetration of violation. The said amount shall be raised to 10% in case any violation by the same bank is committed within two years from the preceding violation. Such amounts shall be added to the resources of the Fund.

Article 31 bis (2)**

A CENTRE shall be established to qualify and provide training for the staff of the banking system. It shall enjoy the status of a legal person and shall have an independent budget. It shall also be an affiliation to the CBE and shall be based in Cairo. In order to catch up with world modern techniques, the CENTRE shall be concerned with promoting the banking, financial and monetary skills of the staff of the banking system and other related institutions.

The resources of the CENTRE shall consist of the following:

- a) Appropriations allocated by the CBE.
- b) Donations from different sources, provided that the CBE Board of Directors approves these donations.

- c) Subscriptions paid by banks and various organizations to the CENTRE for the training of their staff.
- d) Any other resources realized in return for services rendered by the CENTRE to a third party.

The CBE Board of Directors shall approve the financial and administrative regulations of the CENTRE including in particular:

* Added by Law No 37 for 1992.

** Added by Law No 37 for 1992.

The method of work, means of its administration, the rules governing the financial treatment for trainers, technicians, researches, administrative workers and office clerks, in line with the nature of work in the CENTRE and its objectives without being restricted by the laws and regulations applicable by the government, the public sector and the public business sector.

Article 32

No Bank can be merged into another without prior authority from the Central Bank Board.

The Executive Regulations shall indicate the procedures to be followed in this case.

Article 33

No bank can cease its operations without prior authorization from the Central Bank Board.

This authorization can be given after making sure that the bank has completely liberated itself from all its obligations towards depositors and other creditors in accordance with the conditions and procedures specified by the Executive Regulations.

Article 34*

The registration of a bank may be crossed out in the following cases:

- a) If it appears that the bank violates the provisions of this Law or the regulations issued for its implementation, or the CBE Board of Directors resolutions issued for the execution of the above – mentioned provisions and fails to remove the cause of violation within the period and conditions specified by the Central Bank of Egypt.
- b) If it follows a policy which would endanger the public economic interests or those of depositors or shareholders.
- c) If it ceases its activities.
- d) In case of merger into another entity.
- e) If it is declared bankrupt or it is decided that the bank be liquidated
- f) If it appears that the registration of the bank was made on the basis of false information submitted by it.

* Added by Law No 50 for 1984.

The crossing-out of registration shall be effected by a decision taken by a two-thirds majority of the Central Bank Board and after the approval of the Ministry of Finance and Economy.

The said decision shall be published in the Official Journal within ten days of the date the decision is made.

In the case referred to in a, b and f above, the crossing-out decision shall be taken only after notifying the bank concerned by means of a registered mail with acknowledgement of receipt to submit its defense in writing within two weeks from the date of notification.

Article 35

In consequence to the decision crossing-out the registration, the bank has to cease operations. In this case, the Central Bank Board may either decide the immediate liquidation of the bank business or authorize it to continue the operations outstanding at the time of crossing-out under the conditions to be laid down by the Board.

Article 36*

Commercial banks and business and investment banks shall pay an annual fee to be calculated at a rate of PT 75 per ten thousand Egyptian pounds of the average total monthly positions during the year. For other banks, this fee shall be calculated at a rate of PT 50 per twenty thousand Egyptian pounds of the average total monthly positions during the year.

This fee shall be paid to the CBE during the month of January each year for the preceding twelve months. In case of delayed payment, an interest shall be paid and calculated on the basis of the discount rate as announced by the CBE.

The proceeds of this fee shall be deposited in the banks' control account and shall be appropriated for spending on purposes related to banks' control and supervision.

* Amended by Law No 37 for 1992.

Article 37*

The Central Bank Board shall set general guidelines for the control and supervision of banks in accordance with the provisions of this Law, dealing specially with the following matters:

- a) The initiation and organization of a department for the banking control.
- b) The method to be adopted for the assessment of various assets of banks.
- c) Establish indicators which help banks to avoid concentration of investments whether locally or abroad, and determine the ratio between the loan value and the credit guaranty value, as well as set maturity dates.
- d) Establish criteria concerning the adequacy of the shareholder's equity of each bank by determining its ratio to assets or to liabilities without prejudice to the minimum capital requirement.
- e) Designating the information to be published and the way of publishing it.

Article 37 bis**

Banks credit for one customer shall be in the form of equities, credit facilities and any form of financing not exceeding 30% of the bank's capital base as set by the CBE. Credit facilities and any form of financing granted to government bodies shall be exempted from this ratio, excluding public authorities, public sector companies and public business sector companies. CBE Board of Directors shall set the period during which banks must liquidate the excesses beyond the said limits.

* Amended by Law No 37 for 1992.

** Amended by Law No. 97 for 1996.

Article 37 bis (1)*

Without prejudice to the provisions of the official mortgage registration of commercial buildings, aeroplanes, and ships stipulated in the regulating laws thereof, the application for the mortgage registration of real estates, that are given to banks as security against credit facilities and loans, shall be submitted by the bank or the mortgager to the notary public within the jurisdiction of which the real estate is located. The application shall be accompanied by the title deed and the abstract of title, along with the names and information of the parties to the mortgage contract, the credit statement or the value and terms of the loan. The application shall be registered in a special registry intended for this purpose in the relevant notary public.

The relevant notary public must verify the boundaries and the specifications of the real estate, after obtaining the required documents according to the application and the title deed.

The underwriting regarding the application shall be concluded within a week from the date of its submission accompanied by the required documents.

The application can not be rejected unless the required documents are inadequate.

In all cases, the applicant must be notified by a registered letter with acknowledgement, either with the approval or the justified rejection of the application.

Article 37 bis (2)**

Without prejudice to the reduction and exemption provisions legally established on official mortgage fees, all fees due on official commercial and real estate mortgages extended to banks as security against credit facilities and loans as well as fees on renewed mortgages shall be cut by 50%. The maximum limit of these fees shall run as follows:

* Added by Law No. 81 for 2002.

** Added by Law No. 81 for 2002.

- Twenty five thousand Egyptian pounds for a mortgage, the value of which does not exceed ten million Egyptian pounds.
- Fifty thousand Egyptian pounds for a mortgage, the value of which does not exceed twenty million Egyptian pounds.
- Seventy five thousand Egyptian pounds for a mortgage, the value of which does not exceed thirty million Egyptian pounds.
- One hundred thousand Egyptian pounds for a mortgage, the value of which exceeds thirty million Egyptian pounds.

The crossing out of these mortgages shall be exempted from all fees.

Article 37 bis (3)*

In case there is an agreement investing the bank as a credit mortgagee with the right to sell mortgage securities if the debtor fails to meet his obligations guaranteed by a mortgage at its maturity date, the bank may sell these securities pursuant to the provisions regulating dealing in securities on the Stock Exchange. This shall be applicable after the lapse of 10 working days since ordering the debtor to fulfill his payments by virtue of a summoner's notice without being restricted by the provisions prescribed in Articles (126, 129) of the Law of Trade promulgated by Law No 17 for 1999.

SECTION II – CONTROL OF COMMERCIAL BANKS

Article 38

A commercial bank is defined as any institution that habitually accepts deposits payable on demand or after a period not exceeding one year.

Article 39*

A commercial bank is prohibited to conduct any of the following operations:

- a) To deal in movable or real-estate property whether through purchase, sale or exchange with the exception of:
 - 1) The premises appropriated for carrying out the bank business or for providing recreation for its employees.

* Added by Law No. 81 for 2002.

** Amended by Law No 37 for 1992.

- 2) Movable or real-estate property which accrues to the bank in settlement of a debt, provided that the bank disposes of such property within one year after the transfer of ownership in case of movables and within five years in case of real-estate. The Board of the Central Bank may extend this period in case of need.
- b) To issue notes payable to bearer on demand.
- c) To accept shares constituting the bank capital as guarantee for loans, or to deal in or own such shares unless the ownership of these shares accrues to the bank in settlement of a debt provided that the bank sells them within one year after the transfer of ownership.
- d) To own shares of joint stock companies exceeding 40% of the issued capital of the company, provided that the face value of the shares owned by the bank in these companies does not exceed the value of its issued capital and reserves.

The Minister of Economy and Foreign Trade, upon a proposal from the governor of the CBE, may increase the aforementioned limits, as it may deem necessary.

Article 39 Bis*

Commercial banks are also prohibited from granting loans or advances or credit facilities or guarantees of any kind to members of the Board of Directors of the bank concerned or to any establishment in which the members of the said Board are partners or members in its board of directors in their personal capacities.

Article 40

The Central Bank Board may lay down general rules to be followed in the control of commercial banks. These rules may, according to the requirements of the credit situation, regulate the following matters:

- a) Fixing the liquidity ratio and the nature of liquid assets that should be held by commercial banks.

* Added by Law No 135 for 1960

- b) Determining the areas in which commercial banks are prohibited from making investment and the reserves that should be made available to face those assets liable to serious fluctuations in value, and setting up the maximum limit for the loans and investments of commercial banks with regard to certain categories of loans and investments.

Article 41

Every commercial bank shall maintain at the Central bank a non-interest bearing deposit equivalent to a certain ratio of its total deposits, to be fixed by the Central Bank.

In case the said ratio is raised, the Central Bank shall give the commercial banks a delay of no less than 30 days from the date they are notified of the increase.

Article 42*

If a bank violates the decisions issued by the CBE Board of Directors in virtue of provision (a) of Article 40 or paragraph one of Article 41, the CBE

Board may decide to deduct from the said bank's account a sum not exceeding a percentage of the deficit amount in the liquidity ratio, or of the credit balance referred to in Article 41, provided that such percentage is equivalent to twice the CBE lending and discount rate for the period in which the deficit occurred.

If the deficit exceeds 5% of the amount it should be, or if the deficit continues for a period of more than one month, the CBE Board of Directors may take any of the measures mentioned in Article 60 bis, in addition to the financial sanction mentioned in the previous paragraph.

The commercial bank shall submit to the Central Bank the information concerning the application of this Article on the forms and at the dates determined by the Central Bank Board.

* Amended by Law No 37 for 1992.

SECTION III – CONTROL OF NON-COMMERCIAL BANKS

Article 43

Non-commercial banks are defined as those banks, whose main business is the financing of real estate, agriculture or industry, while the acceptance of demand deposits is not one of their basic activities.

Article 44

The Central Bank Board shall lay down rules for the control of every type of non-commercial banks. These rules shall deal mainly with:

- a) Conditions of accepting deposits.
- b) Rules concerning the participation in founding other establishments or the purchase of their shares.
- c) The maximum limit of the value of bonds which may be issued and the conditions for such issue.

Article 45*

Real-estate banks, industrial banks and business and investment banks shall be prohibited from the following:

- a- Dealing in movables or property whether by buying or selling or exchanging except in the following cases:
 - 1- The property assigned for managing the bank's activities or for staff recreation.
 - 2- The movable or property whose ownership accrues to the bank to cover a debt due on other, provided that disposal by the bank shall be within one year from the date the ownership accrues to the bank regarding the movable, and within five years regarding the property. CBE Board of Directors may extend this period if necessity calls for it.

* As amended by Law No 97 for 1996.

- b- Accepting the shares constituting the bank's capital as a guarantee against a loan or dealing in these shares or owning them if they have not been accrued to the bank to cover a debt due on others. Selling of these shares shall be within one year from the date their ownership accrues to the bank.
- c- Owning the shares of joint stock companies over 40% of the value of the company's issued capital, provided that the nominal value of the shares the bank owns in these companies does not exceed the amount of its issued capital and reserves.

The Minister of Economy may increase the said two limits when needed, upon a proposal by the Governor of the CBE.

The prohibition stipulated in this item shall be applicable to development and agricultural credit banks.

Article 46

It is prohibited for real-estate banks to conclude loans for periods exceeding 30 years.

Article 47

Loans granted by industrial banks shall have privileges on industrial and commercial establishments and also the machines and tools utilized in the industrial and commercial activity.

The privilege and its degree shall be inscribed from the moment of inscription.

Article 47 bis*

Neither real-estate banks nor industrial banks and business and investment banks shall grant loans of any kind to any member in their board of directors or to any establishment in which the members of the bank's board of directors are partners or board members in their personal capacities.

* Added by Law No 135 for 1960 and also amended by Law No 50 for 1984

Part 2

CREDIT REGULATION

Chapter I MEANS OF CREDIT REGULATION

Article 48*

The Central Bank shall conclude credit operations with banks, which are subject to the provisions of this Law in accordance with the conditions and rules to be set by the Bank Board.

The Board shall fix the discount and interest rates according to the nature, period and necessity of such operations according to monetary and credit policy. These rates shall be declared in the way determined by the Board.

Article 49

The Minister of Finance and Economy in agreement with the Central Bank Board shall determine the ordinary commercial operations, which the Bank may conduct.

Article 50

In case of financial disturbances or any other emergency that affect the stability of the credit situation, or call for meeting urgent needs, the Central Bank may advance to banks exceptional loans guaranteed by any of their assets as may be determined by the Board of the Bank, provided that the maturity dates and other conditions of such loans should be subject to the rules to be laid down by the said Board.

Article 51

The Bank may-through purchase or sale in the open market-deal in Egyptian Government securities, Government guaranteed securities, bonds specified by the Board of Directors, bills, promissory notes, and other commercial papers. Such operations shall be carried out with a view to increasing or decreasing the funds available to commercial banks or others according to monetary and credit policy.

* Amended by Law No 37 for 1992.

Article 52

The Bank may guarantee loans and investments concluded with Egyptian, foreign or international organizations or institutions, according to the conditions and rules to be agreed upon with the Minister of Finance and Economy.

Chapter II- CREDIT – STATISTICS

Article 53

A central department shall be set up at the Central Bank for the collection of bank credit statistics.

Article 54

Banks and other establishments to be designated by a decree by the Ministry of Finance and Economy must present to this department a statement about the position of every client enjoying credit facilities exceeding the limit to be determined by the Central Bank Board.

Article 55

The Central Department for the collection of Bank Credit Statistics shall prepare an aggregate statement of the credit facilities granted by banks and other establishments to each client without disclosing the names of those banks or establishments.

Any bank or establishment may consult the aggregate statement concerning any client applying for credit facilities or may ask for an extract from this aggregate statement in accordance with the rules and conditions to be laid down by a decision from the Central Bank Board.

PART 3 - SANCTIONS

Article 56*

Whosoever violates the provisions of Articles 19 and 23 of this Law shall be condemned to imprisonment and a fine of not less than LE 500 and no more than LE 5000, or any of these two punishments.

* Amended by Law No 50 for 1984.

The same punishment is applicable on whosoever present to any bank false information or documents so as to unjustifiably obtain any kind of credit facilities. In case of recidivism, he shall be condemned to both imprisonment and fine.

In all cases, the court shall order the publication of the summary of the condemning judgement in one or more newspapers or through any other means of publicity at the expense of the condemned person.

Article 57

If the statements referred to in Article 27, 28 and 29 of this Law are not submitted at the specified times, a fine not exceeding LE 1000 shall be charged.

The same penalty shall be imposed in case of failing to present books, registers, papers and documents to the delegates empowered to peruse apart from ordering their delivery.

Threatening fines may be declared in the above two cases.

Article 58

Whosoever with the intention of fraud deliberately states wrong matters or conceals some facts in the statements, proceedings or other papers submitted to the Central Bank in application of the provisions of this Law shall be condemned to imprisonment and/or a fine of not less than LE 100 or more than LE 1000.

Article 59

Whosoever violates the provisions of Articles 24,33 and 39 of this Law shall be fined with an amount not less than LE 100 or no more than LE 1000.

Article 60

Whosoever violates the provisions of the obligation or interdiction stipulated by this Law or by the regulations or decisions issued for its implementation shall be fined with an amount not exceeding LE 500.

Article 60 bis*

Without prejudice to Articles 34, 42, 56, 57, 58, 59 and 60 in case any bank violates the provisions of this Law or its Executive Regulations or Decree issued by the Central Bank Board for the implementation of the aforementioned provisions, the CBE Board of Directors may take any of the following measures:

- (a) Issuing a caution.
- (b) Reducing or canceling the credit facilities granted to the violating bank.
- (c) Preventing the violating bank from conducting some operations or specifying the volume of credit to be granted by the bank.
- (d) Committing the violating bank to deposit non-interest-bearing balances with the Central Bank and for the period the CBE sees appropriate, as well as the credit balances stipulated in Article (41).

- (e) Requesting the chairman of the violating bank to convene a meeting for its Board of Directors to consider the violation, related to the bank and take the necessary measures for their elimination. In this case, one or more representatives from the Central bank shall attend the meeting.
- (f) Appointing a supervising member in the Board of Directors of the bank for the period specified by the Central Bank Board of Directors. This member shall participate in the Boards discussions and record his opinion in all the decisions taken.
- (g) Dissolving the Board of Directors and appointing a commissioner to manage the bank for a period not exceeding 6 months, renewable for another six months. During his term of appointment, the commissioner shall submit the issue to the general assembly of the bank to elect a new Board of Directors.

* Added by Law No. 50 for 1984 and amended by Law No 37 for 1992 .

Article 61

In case a company or a society commits the violation the responsible partner, the manager, the managing director, or the chairman of the board of directors – as the case may be – shall be held responsible.

Article 62

The Central Bank officials selected by a decree by the Minister of Finance and Economy at the request of the Central Bank Governor shall have the Judiciary police capacity concerning the execution of the provisions of this Law and the regulations and decisions issued for its implementation.

Article 63

Without prejudice to stricter sanctions stipulated by other laws, anyone of the officials in charge of the execution of the provisions of this law who discloses any data or information obtained in exercising his functions shall be

condemned to imprisonment for a period of no more than two years – and/or a fine of no less than L.E. 100 and no more than L.E. 500.

Article 64

With regard to the crimes stated in this part the court may order the publication of the summary of the condemning ruling in one or more newspapers or through any other means of publicity at the expense of the condemned.

Article 65*

No criminal lawsuit shall be brought in connection with the crimes and offenses prescribed in this law or in Articles 116 bis and 116 bis (a) of the Penal Law except by virtue of a request by the Minister of Economy and Foreign Trade, after consultation with the Governor of the CBE.

* Amended by Law No 37 for 1992 and Law No 101 for 1993.