Law No. 88 of The Year 2003

Promulgating
The Law of The Central Bank,
The Banking Sector
And Money

In the Name of the People,
The President of the Republic,

The People’s Assembly has passed the following Law and we hereby promulgated it.

**Article: 1**

The provisions of the accompanying Law shall apply to the Central Bank, the banking sector, and to money.

The Banks and Credit Law as promulgated by Law No. 163 of the year 1957, Law No. 120 of the year 1975 concerning the Central Bank of Egypt and the banking sector, Law No. 205 of the year 1990 concerning the secrecy of bank accounts, Law No. 38 of the year 1994 regulating dealing in foreign exchange, and Law No. 155 of the year 1998 regulating the private sector’s contribution to the capital of public sector banks, shall be repealed.

With due regard to the provisions of international agreements concerning the establishment of certain banks in the Arab Republic of Egypt, any provision contradicting the provisions of the accompanying Law shall be repealed.

**Article: 2**

The provisions of the Law of Joint Stock Companies, Partnerships Limited by Shares, and Limited Liability Companies as promulgated by Law No. 159 of the year 1981 shall apply to the banks that are subject to the provisions of the accompanying Law, where no specific provisions are stipulated therein.
The provisions of the Trade Law shall apply to banks’ transactions with their customers, traders or non-traders, whatever the nature of these transactions.

Article : 3

Banks and branches of foreign banks as registered at the Central Bank on the date this Law comes into force, shall adjust their statuses according to the provisions of the accompanying Law, within a period not exceeding one year from the date of its enforcement. The Board of Directors of the Central Bank may extend this period for another period (s) not exceeding three years.

All bureaux de change, existing on the date this Law comes into force, shall adjust their statuses according to the provisions of the accompanying Law within a period not exceeding six months from the date of its enforcement. The Board of Directors of the Central Bank may extend this period for another period (s) not exceeding one year.

Article : 4

The Executive Regulations of the accompanying Law shall be promulgated by decree of the President of the Republic, upon the recommendation of the Prime Minister and according to the proposition of the Board of Directors of the Central Bank, within six months from the date of its enforcement. Pending the promulgation of these Regulations, the existing regulations and decrees shall remain into force, as long as they do not contradict the provisions of this Law.

Article : 5

This Law shall be published in the Official Journal, and shall come into effect after thirty days from the date of its publication.

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

Issued at the Presidency of the Republic on 15 Rabi’e II, 1424 (Hejira Year), corresponding to 15 June 2003 (Calendar Year).

Hosni Mubarak
The Law of
The Central Bank,
The Banking Sector And Money

Section – 1
The Central Bank

Chapter – 1
General Provisions

Article : 1
The Central Bank shall be a public legal person, directly subject to the President of the Republic. Its statute shall be promulgated by decree of the President of the Republic.

Article : 2
The legal domicile of the Central Bank and its head office shall be the city of Cairo. The Bank may, by a decision of its Board of Directors, establish branches and offices, and adopt agents and correspondents at home and abroad.

Article : 3
The paid-up capital of the Central Bank shall be one billion Egyptian pounds. Its Board of Directors may, in agreement with the Minister of Finance, appropriate a percentage of the net annual profits to increase the capital of the Bank.

Article : 4
The funds of the Central Bank shall be considered private funds.
Chapter – 2
Objectives and Functions of The Central Bank

Article : 5

The Central Bank shall work on realizing price stability and banking system soundness, within the context of the general economic policy of the State.

The Central Bank shall set, in agreement with the government, the objectives of the monetary policy, through a coordinating council to be formed by decree of the President of the Republic, and the Executive Regulations shall determine the work system of the said council.

The Central bank shall be concerned with formulating and implementing the monetary, credit, and banking policies.

The Governor of the Central Bank shall notify the People’s Assembly as well as the Shura Council of these objectives, when the two draft laws of the State’s general budget and the general economic and social development plan are laid before them. (S)he shall also notify them of any modifications to these objectives during the financial year.

Article : 6

The Central Bank shall take the means with which it ensures the realization of its objectives and the discharge of its functions. It shall, in particular, have the following powers:

A. issuing banknotes and determining their denominations and specifications

B. managing liquidity in the national economy. It may issue the securities commensurating with the nature of its funds and activities. It may also conduct open market operations

C. influencing the banking credit in a way warranting the fulfillment of the actual needs of the different aspects of economic activity

D. supervising the units of the banking sector
E. managing the gold and foreign exchange reserves of the State

F. regulating and managing the foreign exchange market

G. supervising the national payments system

H. recording and following up the external debt on the government, the economic and service authorities, the public sector, the public business sector, and the private sector, according to the forms to be set by the Board of Directors of the Central Bank

The Bank may undertake any tasks or take any measures required for applying the monetary, credit, and banking policies, as well as for guaranteeing the soundness of bank credit.

**Article: 7**

In case of a financial disturbance or another unforeseen condition that calls for meeting the necessary needs in the financial markets, the Central Bank may take whatever measures it considers, comprising the extension of exceptional finance to banks, according to the terms and conditions to be determined by the Board of Directors of the Central Bank.

**Article: 8**

The Central Bank may extend credit to the banks subject to the provisions of this Law and to foreign and international institutions and authorities, according to the terms and conditions to be approved by the Board of Directors of the Central Bank.

**Article: 9**

The Central Bank may guarantee the finance and the credit facilities obtained by public legal persons or the banks governed by the provisions of this Law, from banks, financial institutions, and foreign and international organizations, according to the terms and conditions set forth in the Executive Regulations of this Law.
Chapter – 3
Management of the Central Bank

Article : 10

The Central Bank shall have a governor to be appointed by decree of the President of the Republic, upon his/her nomination by the Prime Minister, for a renewable term of four years. The decree shall comprise his/her financial treatment.

The Governor shall be treated the same as a minister in terms of the pension.

The resignation of the Governor shall be accepted by decree of the President of the Republic.

Article : 11

The Governor of the Central Bank shall have two deputies to be appointed each by decree of the President of the Republic, upon their nomination by the Governor of the Central Bank, for a renewable term of four years. Their financial treatment shall be determined in the decree issued for their appointment.

The Governor shall have sub-governors to be appointed by a decision of the Board of Directors of the Central Bank, upon their nomination by the Governor.

Article : 12

The Central Bank shall have a board of directors under the chairmanship of the Governor, with the membership of:

- two deputy governors
- the chairman of the Capital Market Authority
- three members representing the ministries of Finance, Planning, and Foreign Trade, designated by the Prime Minister, upon their nomination by the ministers concerned
eight experienced persons, specialized in monetary, financial, banking, legal and economic affairs, to be designated by the President of the Republic for a renewable term of four years

In case of the absence of the Governor, or the existence of a legal hindrance to his/her presence, (s)he shall be substituted by the most senior deputy. If the latter is absent, the other deputy shall act instead.

The remuneration and attendance allowances of members of the Board of Directors shall be determined by decree of the Prime Minister upon a proposal from the Governor.

Article : 13

The Governor, his/her two deputies, and each member of the Board of Directors of the Central Bank shall meet the following requirements:

1- (S)he shall be Egyptian born of two Egyptian parents

2- (S)he shall enjoy his/her civil and political rights

3- (S)he shall be of sound reputation, and with no prior final rulings issued against him/her in a crime or any offense related to honor or trust

4- (S)he shall have no interests that contradict with his/her duties, or are liable to affect his/her neutrality in the deliberations and decision making

5- (S)he shall enjoy a wide experience in economic and banking affairs

Article : 14

The Board of Directors of the Central Bank shall be the authority responsible for the realization of the objectives of the Bank, in addition to formulating and implementing the monetary, credit, and banking policies. To these ends, the Board shall be vested with all powers, particularly the following:

A- determining the means and instruments of the monetary policy to be followed, and their implementation procedures. It shall also determine credit and discount rates and the fees on the banking operations as carried out by the Central Bank, according to the nature and duration of these operations, without being restricted by the limits prescribed in any other law, along with determining the rules
to be followed in evaluating the assets counterpart to the Egyptian banknotes

B- setting the regulatory and supervisory standards to guarantee the sound financial positions of banks, and their efficient performance, as well as issuing the necessary decisions for their implementation, and evaluating the efforts exerted in connection with guaranteeing the soundness of bank credit, and ensuring the application of standards of credit quality and financial soundness

C- approving the budget, financial statements and reports, to be prepared by the Bank on its financial position and the outcomes of its activities

D- approving the organizational structure of the Bank. Such a structure may comprise units of a special nature, enjoying technical, financial, and administrative independence. Such units are to be established by virtue of a decision taken by the Governor, pending a decision taken by the Board of Directors. The statute of the Bank shall determine these units, their nature, and the scope of their purposes

E- issuing the internal bylaws and systems connected with the financial, administrative, and technical affairs of the Bank, the regulations of auctions and tenders, and the Bank’s personnel regulations, without being restricted by the rules prescribed in the laws and regulations applicable in the government, the public sector and the public business sector

Article: 15

The Board of Directors of the Central Bank shall meet at its head office in Cairo at least twice a month, upon the invitation of the Governor, or of two-thirds of the Board members. The Board may be called to meet outside the Bank’s head office, provided the meeting shall be within the Arab Republic of Egypt. The Board meeting shall not be valid unless it is attended by the Governor or by one of his/her two deputies, and by the majority of its members. Decisions shall be issued pending the absolute majority of the votes of the Board members.
Article : 16

The Governor shall represent the Central Bank before the court and in its relations with other parties. (S)he shall administer all the Bank affairs, assisted by his/her two deputies and his/her sub-governors, each within the limits of his/her powers.

The Governor may delegate some of his/her powers to his/her deputies or sub-governors, or to one of them, or charge them with specific tasks, providing (s)he shall notify the Board of Directors of the Central Bank.
Chapter – 4
Financial System of the Central Bank

Article : 17

The financial year of the Central Bank shall start with the beginning of the financial year of the State and shall end therewith.

Article : 18

The Central Bank shall prepare a statement at the end of each week on its financial position compared to its financial position at the end of the previous week, to be submitted to its Board of Directors. This statement shall be published in the Egyptian Journal.

Article : 19

The Bank accounts shall be audited by two auditors whose appointment and remuneration shall be determined annually by the Central Audit Agency, in accordance with the nature of the activity of central banks and the Egyptian Auditing Standards. This auditing of the Bank accounts shall stand for auditing by the said Agency.

The Bank shall place at the disposal of the two auditors all the books, papers, and statements that the two auditors consider necessary for performing their auditing task.

Article : 20

The Board of Directors of the Central Bank shall approve the budget of the Bank, three months before the beginning of the financial year.

The State’s general budget shall not comprise the current and capital resources and uses of the Bank.

Article : 21

The Central Bank shall prepare the following, within three months from the financial year ending date:
A. financial statements of the Bank on the closed financial year, as prepared according to the nature of the activity of central banks and the Egyptian Accounting Standards. They shall be signed by the Governor and the two auditors.

B. a report on the Bank’s financial position, and the outcomes of its activities during the closed financial year, covering – in particular – a survey of the economic conditions and the financial, monetary, banking and credit situations in Egypt.

The financial statements, the two auditors’ report, and the report on the financial position shall be submitted to the President of the Republic within ten days from their approval by the Board of Directors of the Central Bank. Copies thereof shall be sent, within the same period, to the Prime Minister and to the Speakers of the People’s Assembly and the Shura Council.

**Article : 22**

The net profit of the Central Bank shall be transferred to the Public Treasury of the State, after deducting the workers’ profit share as determined by the Bank’s Board of Directors, and the reserves it determines to form.

**Article : 23**

In applying the provisions of the Penal Code, the funds of the Central Bank shall be considered public funds.
Chapter – 5
The Central Bank’s Relation with The Government and The Rules of Disclosure

Article : 24

The Central Bank shall act as a financial advisor and agent for the government.

Without prejudice to the provisions of Article (27) of this Law, the Bank shall exercise banking transactions, pertaining to the government and public legal persons, as well as the internal and external finance with banks, according to the conditions to be set by its Board of Directors. It shall not exercise these transactions for other than these parties.

Article : 25

The Central Bank shall act as the bank of the government, and shall charge fees on the services it renders to the government and public legal persons, according to its own list of fees on banking services, as shall be determined by a decision of the Bank’s Board of Directors.

Article : 26

The government may assign the Central Bank to act on its own behalf, in issuing government bonds and bills of all types and maturities. The Bank shall extend consultation to the government in respect thereof.

Article : 27

The Central bank shall extend financing to the government, upon its request, to cover the seasonal deficit on the general budget, provided that the amount of such finance shall not exceed (10%) of the average revenues of the general budget in the three previous years. The term of said finance shall be three months renewable for other similar periods. It shall be settled in full within twelve months at most from the date of its extension.

The conditions concerning this finance shall be determined, upon agreement between the Ministry of Finance and the Bank, according to the prevailing credit and monetary conditions.
**Article : 28**

The Governor of the Central Bank shall regularly submit a report to the President of the Republic, every three months, comprising an analysis of the monetary, credit and banking developments, as well as the external debt balances during the report period, pending its approval by the Bank’s Board of Directors.

The Governor of the Central Bank shall also submit an annual report, approved by its Board of Directors, to the President of the Republic, the Prime Minister, and the Speakers of the People’s Assembly and the Shura Council, concerning the monetary and credit situations in the Arab Republic of Egypt, within three months from the financial year ending date.

**Article : 29**

Through its official publications, the Central Bank shall disclose the procedures applied in implementing the monetary policy and its decisions related to organizational regulatory procedures. These procedures and decisions are to be in accordance with the rules and dates specified in its statute, and shall be published in the Egyptian Journal.
Section –2

Regulation of The Banking Sector

Chapter – 1

Establishment and Registration of Banks

Article : 30

Without prejudice to the conventions and laws concerning the establishment of certain banks, all banks exercising their transactions within the Arab Republic of Egypt, and their branches abroad, shall be subject to the provisions of this Law.

Article : 31

Any individual, organization, or establishment not registered according to the provisions of this Law, shall be prohibited from exercising any bank business, with the exclusion of public legal persons exercising any of such business within the limits of the deed of their establishment.

In applying the provisions of this Article, bank business shall mean any activity comprising, basically and habitually, the acceptance of deposits, the obtainment of finance, and the investment of these funds in providing finance and credit facilities and contributing to the capital of companies, and all that is considered by banking tradition as bank business.

Any establishment not registered according to the provisions of this Law, shall be prohibited from using the term “bank” or any other expression similar to it in any language, whether in its special name, commercial title, or publicity.

Article : 32

Any establishment desiring to exercise bank business shall be registered in a special register prepared for this purpose at the Central Bank, following the approval of its Board of Directors, upon the following conditions:
1. The bank shall assume one of the following forms:

   A. an Egyptian joint stock company, all shares thereof being nominal
   B. a public legal person, comprising within its purposes the exercise of bank business
   C. a branch of a foreign bank, the head office of which enjoys a defined nationality, and is subject to supervision by a monetary authority in the country where its head office is situated

2. The issued and fully paid-up capital shall not be less than five hundred million Egyptian pounds, and the capital appropriated for the activities of the branches of foreign banks in the Arab Republic of Egypt shall not be less than fifty million US dollars or their equivalent in free currencies.

3. The Governor of the Central Bank, following consent of the Board of Directors, shall approve the statute of the bank, and the management contracts to be concluded with any party entrusted with its management. This provision shall apply to any renewal or modification of the statutes or management contracts.

   The branches and agencies of the licensed bank shall be recorded in the above mentioned register. The approval of the Board of Directors of the Central Bank shall be obtained before starting the establishment of the branch or agency, and before opening it for dealing.

Article : 33

The registration application shall be submitted to the Central Bank, according to the terms and conditions indicated in the Executive Regulations of this Law, after paying a fee of ten thousand Egyptian pounds for the head office, and of seven thousand Egyptian pounds for every branch or agency. The proceeds of these fees shall be deposited in the Regulation and Supervision Fees Account at the Central Bank. A decision of the Board of Directors of the Central Bank shall be issued, regulating this account and the rules of spending therefrom.

The applicant shall be notified of the approval decision, or of the documents and data (s)he is required to fulfill, by a registered letter with acknowledgement of receipt, within thirty days from submitting the application.
If the applicant does not fulfill the said requirements within ninety days from the date of the said notification, (s)he shall forfeit his/her right to this application.

The decisions issued by the Board of Directors of the Central Bank, approving the registration applications, shall be published in the Egyptian Journal at the expense of the licensed party.

**Article : 34**

The registration application shall be rejected by a substantiated decision from the Board of Directors of the Central Bank in any of the following cases:

A. upon violation of any of the provisions stipulated in this Law, or its Executive Regulations, or the decrees issued for its enforcement

B. if licensing to the bank, the branch, or the agency does not comply with the general economic interest or the conditions of the region where the bank, the branch or the agency is required to be established

C. if the trade name adopted by the bank is similar or analogous ambiguously to the name of another bank or establishment

The applicant shall be notified of the substantiated decision of rejection by a registered letter with acknowledgement of receipt, within thirty days from its date of issue.

In all the cases stipulated in this Article and in Article (33) of this Law, the paid fee shall not be refunded to the applicant.

**Article : 35**

The Governor of the Central Bank, following approval of the Board of Directors, may authorize foreign banks to open representative offices for them in the Arab Republic of Egypt, upon the following conditions:

A. They have no branches in the Arab Republic of Egypt

B. Their head offices shall be subject to supervision by the authority concerned in the countries where these offices are situated

C. The activity of the representative offices shall be restricted to studying the markets and investment potentials, and they shall act as a liaison with the head offices abroad. They shall contribute to overcoming the
problems and difficulties that may face their correspondent banks in the Arab Republic of Egypt.

These offices are prohibited from exercising any bank or trade activity, including the activity of commercial agents and financial intermediations.

After being listed according to the provisions of the Law of Joint Stock Companies, Partnership Limited by Shares, and Limited Liability Companies, as promulgated by Law No. 159 of the year 1981, these offices shall be registered in a special register at the Central Bank, in compliance with the procedures prescribed in the Executive Regulations of this Law, following payment of a registration fee of five thousand Egyptian pounds to be deposited in the Regulation and Supervision Fees Account at the Central Bank.

The said representative offices shall be subject to the Central Bank’s supervision. The Bank shall have the right to access to the books and registers of these offices at any time, and to ask for the data serving the purposes of regulation and supervision thereon.

Should the representative office violate any of the provisions prescribed in this Article, the said office shall be notified of the violation by a registered letter with acknowledgement of receipt. The said office is to submit its defenses within fifteen days from the date of its notification. If the violation is established to be true, the office shall be delisted from the register by virtue of a substantiated decision from the Governor of the Central Bank.
Chapter – 2
Supervision over The Management of Banks

Article : 36

The Board of Directors of the Central Bank may, according to the conditions and terms it determines, authorize banks and branches of foreign banks whose dealings are restricted to free currencies, to deal in the local currency.

Article : 37

The Central Bank shall obtain from the foreign banks that have branches in the Arab Republic of Egypt, a guarantee for all deposits at the branch and for all its other obligations, as determined by the Board of Directors of the Central Bank.

Article : 38

The Central Bank shall be notified of any modification required in the deed of association of any bank or in its statute. Any modification in the data submitted on application for registration shall also be notified.

The notification shall be submitted according to the form prepared for this purpose by the Central Bank. This modification shall be applied only after its approval by the Central Bank and its annotation in the margin of the register.

Article : 39

The bank shall have funds in the Arab Republic of Egypt equivalent to its obligations, and payable therefor, in addition to an amount of not less than the minimum issued and paid-up capital as prescribed in Article (32) of this Law.

In applying the provisions of this Article, and with the approval of the Board of Directors of the Central Bank, the funds the bank is allowed to maintain abroad shall be included in the calculations of the bank’s funds in the Arab Republic of Egypt.
Article : 40

Each bank shall have the power to determine the interest rates on banking transactions it carries out, according to the nature of these transactions. It may also determine the fees it applies for the banking services, without being restricted by the limits and the provisions prescribed in any other law.

In all cases, the bank shall disclose to the customer the rates of the interest, and the fees on banking services according to the rules of disclosure as determined in the Executive Regulations of this Law.

Article : 41

Any bank may merge into another bank by virtue of a prior authorization from the Board of Directors of the Central Bank, after fulfilling the conditions and procedures to be issued by a decision of this Board, with due regard to guaranteeing the rights of the staff in the merged bank.

The merger shall result in delisting the registration of the merged bank, and in publishing the decision for its delisting in the Egyptian Journal within ten days from the date of issuing the merger decision.

Article : 42

No bank shall cease its transactions, except upon prior approval from the Board of Directors of the Central Bank.

This approval shall be issued after verification that the bank has submitted adequate guarantees, or has finally cleared all obligations toward depositors, other debtors and the staff rights, according to the conditions and procedures to be issued by a decision of the Central Bank.

Article : 43

Without prejudice to the authority of the general assembly of the bank, the Governor of the Central Bank shall be consulted on the appointment of the chairmen and members of banks’ boards of directors, as well as the executive directors in charge of credit, investment, portfolio management, and external transactions including swaps; and internal inspection. The Governor shall be consulted on a list of candidates presented by the parties concerned, for submission to the Board of Directors of the Central Bank.
Following the submission of the issue to the Board of Directors, the Governor of the Central Bank may ask for the removal of one or more of those mentioned in the previous clause if, through inspection on the banks, it is established that they have violated safety rules of depositors’ funds and the bank’s assets. If the requested removal does not take place, the Governor may issue a substantiated decision for discharging any of them from his/her work. The party concerned may complain to the Board of Directors of the Central Bank against the decision of his/her removal, within sixty days from the date of notifying him/her of the decision.

The provisions of this Article shall apply to the branches of foreign banks in the Arab Republic of Egypt.

**Article : 44**

An Association shall be established among the banks subject to this Law, and a decision concerning its statute shall be issued by the Board of Directors of the Central Bank. The Association shall enjoy the status of independent legal personality, and be recorded in a special register at the Central Bank. The decision concerning the establishment of the Association and its statute shall be published in the Egyptian Journal at the expense of the Association.

The already existing Association established among the banks subject to the provisions of this Law shall continue to enjoy its legal personality, and shall adjust its status according to the provision of the first clause of this Article within three months from the date of enforcing the provisions of this Law.

Each bank or branch of a foreign bank, subject to the provisions of this Law, shall join the Association and shall observe its statute and the standards to be determined thereby.

The professional standards and rules as set by the Association shall be applied pending their approval by the Board of Directors of the Central Bank.

The Governor of the Central Bank shall appoint a delegate to the Association. The delegate shall have the right to attend the sessions of the Association and participate in its discussions, without having a counted vote in its deliberations.
The Association may take administrative measures against its members as prescribed in its statute, in case of the violation of the provisions of its statute or of sound professional rules.

**Article : 45**

The Banking Institute shall be established and be affiliated to the Central Bank. It shall have a legal personality and an independent budget. It shall be located in the city of Cairo. The Banking Institute shall be concerned with the development of skills in the fields of banking, financial, and monetary business, and combating of money laundering, for staff of the Central Bank, banks and other parties operating in these fields, with the aim of keeping abreast of world developments and firmly establishing sound professional rules.

The Institute may seek the assistance of international expertise to strengthen its capabilities. It may also send missions abroad to become better acquainted with innovations in its field.

The Center for Preparing and Training the Staff of the Banking Sector shall adjust its status according to the first clause of this Article.

**Article : 46**

The Institute shall have a board of directors to be formed by a decision of the Board of Directors of the Central Bank. The Board Chairman of the Institute shall represent it before the court and in its relations with other parties.

It shall have a director, and training staff members to be selected from among those experienced in banking, financial, economic and legal affairs. A decision for the appointment of, or contracting with them shall be issued by the Board of Directors of the Institute.

**Article : 47**

The Board of Directors of the Institute shall be responsible for setting its general policy and following up its implementation. It shall, in particular, have the following powers:

1. Endorsing the financial and administrative regulations of the Institute, including the system of work therein, its administration, and the rules of financial treatment for trainers, technicians, researchers, and workers of
the Institute, without being restricted by the laws and the regulations applicable in the government, public sector, or the public business sector.

2. Approving the establishment of branches for the Institute outside the city of Cairo.

3. Strengthening the relations and bonds between the Institute and other similar institutes and centers at home and abroad.

4. Approving the annual training programs of the Institute and the follow up reports on their implementation. The Board of Directors of the Central Bank shall be notified of these reports.

**Article : 48**

The resources of the Institute shall be comprised of the following:

A. Appropriations to be earmarked therefor by the Central Bank.

B. Subventions contributed to the Institute by different parties, which the Board of Directors of the Central Bank decides to accept.

C. Amounts paid by banks and different parties for training their staff therein.

D. Any other resources against services rendered by the Institute for other parties.

The charges and fees prescribed in items (C) and (D) shall be determined by a decision to be issued by the Board of Directors of the Central Bank, upon a proposition of the Institute’s Board of Directors.
Chapter – 3
Rules of Owning Shares in Banks’ Capital

Article : 49

Egyptians and others may own the capital of banks, without being restricted by a maximum limit prescribed in any other law, and without prejudice to the provisions of the following Articles.

Article : 50

Every natural or legal person who owns more than (5%) of the issued capital of any bank, and not exceeding (10%) of it, shall notify the Central Bank thereof, within fifteen days at most from the date of finalizing this ownership, according to the form prepared by the Central Bank for that purpose. If this ownership has taken place before enforcing this Law, the period shall be calculated as of the date of its enforcement.

Article : 51

No natural or legal person is allowed to own more than (10%) of the issued capital of any bank, or any percentage leading to actual control over the bank, except after the approval of the Board of Directors of the Central Bank, according to the regulations prescribed in the Executive Regulations of this Law. Any act contrary to the foregoing shall be null and void.

In applying the provisions of this Article, the term ‘actual control by the natural or legal person’ shall mean: the ownership of any percentage that would enable him to appoint the majority of the members of the bank’s board of directors or influence, in any manner, the decisions to be issued by it, or the resolutions to be issued by the bank’s general assembly.

The ownership of the natural person shall comprise the percentage (s)he possesses, in addition to the percentage owned by any of his/her relatives up to the fourth degree; that of the legal person shall comprise the percentage it owns, in addition to the percentage owned by any members of its board of directors, or by any of its shareholders, whether they are natural or legal persons, or by any other legal person if it is under actual control by the same natural or legal persons. The ownership shall also include the total ownership by more than one natural or legal person, having among them an agreement on exercising their rights in the general assembly or the board of directors of the bank, in a manner leading to actual control over any of them.
Article : 52

If a person owns, by inheritance or a legacy, more than (10%) of the issued capital of any bank, or a percentage leading to actual control by him/her over the bank, and (s)he does not ask for continuing this ownership, according to the provision of Article (53) of this Law, (s)he is to adjust his/her status according to the rules to be determined by the Board of Directors of the Central Bank, within a period not exceeding two years from the date this increase has been transferred to him/her. Should this person fail to adjust his/her status during that period, (s)he shall have no voting rights in the general assembly or the Board of Directors, relevant to the percentage exceeding the said limit.

Article : 53

An application for approving the ownership of more than (10%) of the issued capital of the bank, or any percentage leading to actual control over it, shall be submitted to the Central Bank at least sixty days before the date of finalizing the ownership of the percentage. The said application shall be submitted on the form approved by the Board of Directors of the Central Bank, and according to the conditions and procedures stipulated in the Executive Regulations of this Law. To the application, a report shall be attached, indicating the applicant’s reasons and objectives for the ownership of the shares, his/her plans in managing the bank, and the policy (s)he intends to follow in handling its affairs.

If the ownership has been transferred through inheritance or a legacy, an application shall be submitted for continuing the ownership, within thirty days from the date the applicant learns of the shares transferred to him/her by inheritance or a legacy.

The application prescribed in the two previous clauses shall be published within thirty days from the date of its submission, according to the procedures stipulated in the Executive Regulations of this Law.

Any interested party may submit to the Central Bank a substantiated objection to the application within ten days from the date of publication.

Article : 54

The application prescribed in Article (53) of this Law shall not be approved if the Central Bank finds out any of the following:
(A) A substantial deficiency in the data comprised in the application, or any invalid data therein.

(B) The approval of the application may curtail competition in the banking market, or disrupt the work therein.

(C) The applicant is a foreign bank or a financial institution, which is not subject to supervision by the responsible authority in the country where its head office is located.

(D) The applicant has no experience in banking business, or a final court ruling has been passed against him/her in an offense against honor or trust, or in any of the crimes prescribed in this Law or the Anti-Money Laundering Law as promulgated by Law No. 80 of the year 2002.

**Article 55**

The party concerned shall be notified of the decision, approving or rejecting the application referred to in Article (53) of this Law by a registered letter with acknowledgement of receipt within sixty days from the date of its submission. The rejection decision shall be substantiated.

In case a decision is issued rejecting the applicant’s continued ownership of the percentage transferred to him/her by inheritance or a legacy, the Central Bank shall issue a decision enforcing him/her to dispose that percentage within one year from the date (s)he is notified of the rejection decision. The Central Bank may extend that period for no more than another year. Upon failure to dispose that percentage within that period, the owner shall have no voting rights in the general assembly, or the board of directors, relative to the percentage exceeding the limits prescribed in Article (52) of this Law.
Chapter – 4

Supervision over Banks and Guaranteeing Deposits

Article : 56

The Board of Directors of the Central Bank shall set rules for regulation and supervision over banks, and the regulations relevant to their activities according to the provisions of this Law, with due regard to international banking norms, providing they shall comprise the following:

(A) a determination of the minimum capital adequacy requirement

(B) the maximum limits of concentration of banks’ investments abroad

(C) the maximum limits of the debt due abroad and the guarantees provided for a finance payable abroad

(D) the maximum limits of the lending value of the collateral/guarantees provided against finance and credit facilities, and the determination of maturities

(E) a determination of the liquidity and reserve ratios

(F) the maximum limits of the bank’s investments in securities, in real estate finance, and in the credit for consumer purposes, with due regard to the provision of Article (60), item (3) of this Law

(G) the regulations for opening accounts, and for conducting banking transactions (relating to combating money laundering)

(H) the standards followed in determining the value of each type of the bank’s assets.

(I) the rules of disclosure, and the data to be disseminated, as well as the means of dissemination

(J) the rules concerning the maximum limit of the bonds each bank may issue or guarantee, and the conditions of bond issuing or guaranteeing
(K) The maximum limits of exposure to one customer and his connected parties, as well as the parties related to the bank, with due regard to Article (71) of this Law

The terms “the parties connected with the customer” and “the parties related to the bank” shall mean the parties that are under actual control by the customer, or those controlled by the bank, as the case may be, in accordance with the intended meaning of actual control as prescribed in Article (51) of this Law.

**Article : 57**

To extend a credit to the customer, the Bank shall ensure that he is of good reputation and has adequate self-resources, and the studies establish that the expected cash flows of his activities are adequate to fulfill his obligations.

The bank, in the cases judged thereby, shall ask the customer to provide additional collateral/guarantees, whether in-kind, or of any other nature accepted by the bank.

The Executive Regulations of this Law shall set forth the standards of evaluating the collateral/guarantees provided to the bank for the finance and credit facilities it extends to the customer. The Executive Regulations shall also set forth the necessary regulations for applying the provisions of this Article.

No credit shall be renewed or modified before the customer’s approval of the balances of finance and credit facilities offered to him by the bank.

**Article : 58**

The Board of Directors of the Central Bank shall set the standards to be complied with, in classifying the finance and credit facilities offered by banks, and in classifying irregular ones, as well as the balances resulting from such classification.

Each bank shall determine the procedures to be applied for facing irregular finance and credit facilities.

The management of each bank shall comply with these standards and implement these procedures. The auditors shall also verify the compliance of the bank management with these standards, and record that in their annual report which shall be submitted with the financial statements of the bank to its general
assembly. If a violation of any of these standards by the bank management is established in the inspection reports prepared by the Central Bank, the management shall be warned to remove the violation within thirty days from the date of the warning, otherwise, the Central Bank may take against the bank whatever measures it chooses as prescribed in the Executive Regulations of this Law.

A report shall be submitted every six months to the Board of Directors of the Central Bank on statements of irregular finance and credit facilities provided by banks to the Central Bank, in order to decide all that it deems necessary and appropriate in respect thereof.

**Article : 59**

The Board of Directors of the Central Bank shall set the rules regulating the liquidity ratios at banks and in investment fields. It shall, in particular, have the following powers:

(A) Determine the percentage and type of the liquid funds to be held by banks.

(B) Determine the fields that the banks are prohibited from investing in.

(C) Determine the appropriations to be earmarked against the assets exposed to severe fluctuations in their value.

Should the bank contravene the decisions of the Board of Directors of the Central Bank concerning the rules of calculating the liquidity ratio, the Board of Directors of the Central Bank may decide debiting the bank’s account with an amount not exceeding twice the interest on the value of the deficit in the liquidity ratio, at the discount rate for the period during which the deficit occurs.

If the deficit continues for a period exceeding one month, the Board of Directors of the Central Bank may take any of the measures prescribed in Article (135) of this Law, in addition to debiting the amount referred to in the previous clause.

**Article : 60**

The bank shall be prohibited from carrying out the following:
1. Issue bills payable to bearer on demand.

2. Accept the shares of the bank’s capital as a guarantee for finance, or for dealing in its shares, with due regard to the provisions of the Law of Joint Stock Companies, Partnerships Limited by Shares, and Limited Liability Companies as promulgated by Law No. (159) of the year 1981 in this respect, unless they have been transferred to the bank as a settlement of a debt owed to it by other parties, providing the bank shall sell them within six months from the date of transfer of the ownership.

3. Allow that the nominal value of the shares or stocks owned by the bank – for purposes other than trading – to exceed the amount of the capital base of the bank, of which the basis of computation is prescribed by the Executive Regulations of this Law.

4. Enter as a joint partner in the partnerships or in partnerships limited by shares.

5. Deal in movable or real property by purchase, sale, or barter, except for:

(A) The real property assigned for management of the bank’s business, or for recreation of its staff.

(B) The movable or real property, the ownership of which transferred to the bank in settlement of a debt owed by other parties to it, providing the bank shall dispose of it within one year from the date of transfer of the ownership regarding the movable property, and five years regarding the real property. The Board of Directors of the Central Bank may extend the period whenever necessary. However, it may except certain banks from that prohibition, according to the nature of their activities.

**Article : 61**

The bank shall be prohibited from offering finance, amounts on account, credit facilities, or a guarantee of any kind to its board chairman and members, its auditors, or their spouses, children, or relatives up to the second degree, or to any party, where these persons, their spouses, children, or relatives up to the second degree are partners or shareholders having an actual control over that party, or are members of their boards of directors, in their personal capacity.
**Article : 62**

Whosoever applies for a finance or credit facilities from banks, among natural and legal persons, shall disclose in his application the owners of the establishment, or the owners of shares or of a percentage of stockholding in the closed companies, and the degree of relationship among them if any, as well as the debt balances with other banks, on submitting the application. The application shall not be considered, except after submission of such data and acknowledgment of their validity.

**Article : 63**

The board of each bank shall set the rules for offering credit to customers, and the procedures to be followed in verifying the creditworthiness and the validity of the information submitted, the procedures for providing that credit, and the system of supervision over its use.

The internal bylaws of the bank shall specify the authorities of the directors in the head office and the branches, in offering and approving the credit. It shall also determine the minimum limits of credit applications submitted to its board of directors.

The classification of the credit offered to customers, prepared by the department concerned, shall be submitted to the bank’s board of directors in its periodical meetings.

**Article : 64**

Each bank shall ascertain that the finance and credit facilities are used for the purposes and in the fields specified in the credit approval. The bank shall also follow up on that.

The customer shall be prohibited from using the finance or the credit facilities for any purposes or fields other than those specified in the credit approval.

**Article : 65**

Each bank shall establish an online and continuous system of registration of the positions of the customers obtaining finance or credit facilities. This system shall be linked to the central database at the Central Bank. The Central
Bank may ask any bank to introduce any modifications necessary for updating that system, and guaranteeing that its data comprise the position of debtors among its customers.

Each bank shall inform the Central Bank, with a statement, on the position of each customer obtaining finance or credit facilities.

**Article : 66**

The Central Bank shall establish a centralized system for registering the balances of finance and credit facilities offered to the customers of the banks operating in the Arab Republic of Egypt. It shall also establish a system for registering the debt balances of these banks to parties abroad and the guarantees issued thereby to parties abroad. These two systems shall maintain the information necessary for supervision over the bank credits offered to customers and their connected parties and on the external debt.

The Central Bank shall also establish a system for recording finance balances offered by financial lease companies and real estate finance companies to their customers. These companies shall submit the necessary data in this respect to the Central Bank every three months at most.

The Executive Regulations of this Law shall determine the contents of these systems and methods of application.

**Article : 67**

Upon receipt of information on the balances of finance and credit facilities offered by banks, the Central Bank shall prepare an overall statement on the lending provided to each customer and his connected parties.

Each bank shall peruse the position of finance and credit facilities offered by all banks to any customer and his connected parties prior to offering him a finance or a credit facility. It may request a copy thereof, according to the conditions and terms to be issued by a decision of the Board of Directors of the Central Bank.
**Article : 68**

The Central Bank shall prepare a register of the houses of expertise that are capable of participating in the evaluation of the collateral/guarantees provided to banks. The Executive Regulations of this Law shall set the rules, conditions, and procedures of recording in this register, and shall specify the obligations of those in charge thereof. These houses shall be responsible for the contents of the evaluation reports.

**Article : 69**

Each bank shall maintain a register of the in-kind collateral submitted by customers for the finance and credit facilities offered to them, and shall ascertain the validity of this collateral, its title deeds, and its value upon providing the credit.

The audit committee prescribed in Article (82) of this Law shall ensure that the executive management at the bank verifies the values of this collateral periodically, and shall determine the measures to be taken for facing any drop in these values.

These registers shall be subject to inspection by the Central Bank that may ask for a confirmation of this collateral whenever necessary.

**Article : 70**

Each bank shall make, at least semi-annually, an evaluation of its investment and loan portfolio risks and of the measures taken in respect thereof. It shall take the necessary measures for facing any risks that may arise. The evaluation shall be submitted to the bank’s board of directors in the first meeting following that evaluation.

**Article : 71**

The Board of Directors of the Central Bank may, in the cases it deems necessary, specify the percentage of credit to be offered by the bank to a sole customer and his connected parties. In all cases, this percentage shall not exceed (30%) of the bank’s capital base.
**Article : 72**

Staff in the authorities in charge of supervision and control over banks shall be prohibited from working at banks or participating in the membership of banks’ boards of directors.

Banks to whose capital the Central Bank contributes, may be exempted from the provisions of the previous clause by virtue of a decree issued by the Prime Minister, pending approval of the Board of Directors of the Central Bank.

**Article : 73**

The financial statements of the bank shall be prepared and published in two daily newspapers every three months. A summary of the auditor’s report shall be attached to these statements, according to the Egyptian Auditing and Accounting Standards.

**Article : 74**

Each bank shall maintain a credit balance as a reserve at the Central Bank, representing a ratio of the deposits it holds as determined by the Board of Directors of the Central Bank.

The Board of Directors of the Central Bank may decide on paying an interest on that balance in the cases it determines and according to the regulations it sets.

If the bank contravenes the decisions of the Board of Directors of the Central Bank concerning the rules of calculating the reserve ratio, this Board may debit the bank’s credit balance at the Central Bank with the value equivalent of interest at the discount rate on the amount of deficit in the credit balance for the period during which that deficit occurs.

If the deficit exceeds (5%) of the balance that should be held at the Central Bank, its Board of Directors may take any of the measures prescribed in Article (135) of this Law, in addition to debiting the amount referred to in the previous clause.

**Article : 75**

Each bank shall submit to the Central Bank monthly statements on its financial position, and other financial and regulatory statements, at the dates and according to the forms to be determined by a decision by the Board of Directors of the Central Bank.
Article : 76

Each bank shall submit to the Central Bank a copy of each report presented to the shareholders on its business before the lapse of at least twenty one days from the date of the convening of the general assembly. It shall submit to the Central Bank a copy of the minutes of each general assembly meeting within thirty days from the date of its convention.

The Central Bank shall postpone the convention of the general assembly in the cases it deems necessary for a period not exceeding thirty days.

Article : 77

Each bank shall submit to the Central Bank any data and any clarifications required by the latter on the transactions conducted by the bank. The Central Bank shall have the right to peruse the books and registers of the bank whereby it ensures the obtainment of the data and clarifications it deems necessary for realizing its purposes. The books and registers shall be perused at the premises of the bank by the Central Bank’s inspectors and their assistants that are delegated by the Governor of the Bank for that purpose. The inspectors of the Central Bank shall have the right to obtain a copy of any documents necessary for realizing inspection purposes.

Article : 78

The bank shall notify each of its customers of his account balance with a statement every three months at most.

The customer shall reply, approving or objecting to the contents of the account statement, by a registered letter with acknowledgement of receipt, within fifteen days from the date of notifying him of the balance. If the customer does not reply in objection thereto within that period, it shall be considered an approval of the validity of the contents of the statement unless the customer proves otherwise.

Filing an action by the customer against the bank for determining the sum of the amounts he is indebted with, shall not result in the cessation of any judicial or non-judicial measures to be taken by the bank for collecting its dues on the customer, according to the agreements concluded between them, and within the limits of the amounts already agreed upon by the customer, unless a relevant court rules that these measures should be stopped.
**Article: 79**

Whenever one of the banks is exposed to financial problems affecting its financial position, the Board of Directors of the Central Bank may ask the management of the problem bank to provide the necessary additional financial resources in the form of paid-up capital increase or support funds to be placed with the bank according to the conditions and rules set by the Board of Directors of the Central Bank and within the period to be determined thereby. Otherwise, the Board of Directors of the Central Bank may either specify the increase it considers necessary in the capital and offer it for subscription, with the procedures and conditions to be determined thereby, or issue a decision for merging the bank with another, conditional upon the approval of the bank with which it is merging, or delist the registration of the problem bank, according to the rules prescribed in this respect.

The bank shall be considered exposed to financial problems upon occurrence of any of the following cases:

(A) The inadequacy of the bank’s assets to cover its liabilities in a way prejudicing the funds of depositors.

(B) A tangible drop in the bank’s assets or revenues, due to a violation of the laws or the rules enforcing them, or as a result of engaging in any risky practices not in accordance with the bases of banking business.

(C) The pursuance of improper methods in managing the banks’ activity, which result in a tangible reduction of the shareholders equities, or affect the rights of depositors and other creditors.

(D) The existence of strong evidences establishing that the bank will not be able to meet the depositors’ demands or fulfill its obligation in normal conditions.

(E) A decline in the value of the equities of the shareholders at the bank below the provisions required to be formed.

**Article: 80**

The registration of the bank shall be delisted by a decision of the Board of Directors of the Central Bank in the following cases:
(A) If it is established that the bank has violated the provisions of this Law, its Executive Regulations or the decrees issued for its enforcement, and failed to remove the violation during the period and on the conditions to be determined by the Board of Directors of the Central Bank.

(B) If the bank follows a policy that is liable to prejudice the public economic interest, or the interests of depositors or shareholders.

(C) If the bank ceases its activities.

(D) If the bank files a petition in bankruptcy, or a ruling has been issued for its liquidation.

(E) If it is found that the bank’s license has been issued on the basis of invalid data submitted by it to the Central Bank.

The decision for its delisting shall not be issued except after serving a notice on the bank, by a registered letter with acknowledgment of receipt. The bank is to submit the aspects of its defense in writing, within fifteen days from the date of the notice.

The delisting shall take place pending a decision of the Board of Directors of the Central Bank, with a two-thirds majority vote of the members of the Board.

The decision for delisting shall be published in the Egyptian Journal, within ten days from the date of its issue.

**Article : 81**

Without prejudice to the interests of the bank’s customers, delisting the registration shall result in stopping the bank from conducting business, and in its liquidation. In this case, the Board of Directors of the Central Bank may either determine an immediate liquidation of the bank’s business, or authorize it temporarily to conduct the transactions existing at the time of delisting, according to the conditions the Board determines for that purpose.

**Article : 82**

In each bank, an internal committee for auditing shall be formed of three non-executive members of the board of directors. This committee is to be
selected by the board. An executive committee shall be established, formed by the bank’s board of directors from among its executive members and the bank’s staff. The Executive Regulations of this Law shall specify the powers and the system of work in the said two committees.

The audit committee shall hold a meeting every three months at most, to be attended by the two auditors of the bank. The committee, in performing its activity, may seek the assistance of whoever it chooses, and shall submit its recommendations to the bank’s board of directors. Each one of the two auditors may ask for a meeting of the committee if necessary.

**Article : 83**

Without prejudice to the provisions of the Central Audit Agency Law, the bank’s accounts shall be audited by two auditors to be chosen by the bank from among those recorded in a register provided for that purpose, and upon consultation between the Central Bank and the Central Audit Agency.

Each auditor shall not have the right to audit the accounts of more than two banks at the same time. The Central bank, following consultation with the Central Audit Agency, may delist the name of the auditor from the register.

The bank shall notify the Central Bank of the appointment of its two auditors, within thirty days from the date of their appointment.

The Governor of the Central Bank may, for reasons (s)he considers appropriate, assign to a third auditor the performance of a defined task, in return for remuneration payable by the Central Bank.

**Article : 84**

The two auditors shall prepare their report on auditing the bank’s financial statements, according to the Law and the Egyptian Auditing Standards, provided that their report shall elucidate whether the transactions audited thereby violate any of the provisions of this Law, its Executive Regulations, or the decrees issued for its enforcement. At least twenty one days before the convening of the general assembly, they shall send to the Central Bank a copy of their report, coupled with a copy of the financial statements, and a detailed report comprising the following:
(A) The method of evaluating the bank’s assets and estimating its commitments and obligations.

(B) The extent of adequacy of the internal control system in the bank.

(C) The extent of adequacy of the provisions formed against any decrease in the value of assets, and also any obligations incurred by the bank, along with determining the amount of shortfall in the provisions, if any.

(D) Any regulatory or supervisory standards that the Board of Directors of the Central Bank requires the auditors to verify bank’s compliance with.

The general assembly of the bank shall not be called to convene before receiving the Central Bank’s comments on the financial statements report submitted thereto.

The Governor of the Central Bank may issue a decision disapproving the distribution of profits to the shareholders and to those entitled to a share in the profits, within fifteen days from the date of receiving the report and the said attachments. This decision is issued if it is found that there is a decrease in the provisions, or a reduction in the ratio of capital adequacy below the established minimum requirement, or any reservation mentioned in the auditor’s report, that has a significant effect on the distributable profits.

**Article : 85**

The two auditors shall be responsible for the contents of their report on the credit portfolio and the risks arising from credit and investments. The general assembly of the bank may request the Central Audit Agency to investigate any default in the reports submitted by the auditors.

If the auditors’ dereliction of duty is established with respect to their performance of the tasks assigned thereto as determined in the Law on Exercising the Audit and Accountancy Profession, the Agency may ask the general assembly of the bank, after consulting the Central Bank, to delist them and take the necessary actions to penalize them for their dereliction.
Article : 86

The Board of Directors of the Central Bank shall determine an annual supervision fee on the banks registered therewith, to be settled during the month of January every year, providing the fee shall not exceed one Egyptian pound per each ten thousand Egyptian pounds of the average total monthly positions of a bank during the year.

In the case of overdue settlement, an interest shall be charged, on the basis of the discount rate declared by the Central Bank.

The receipts of that fee shall be deposited in the Regulation and Supervision Account, and shall be appropriated for spending therefrom on the regulation and supervision over banks, and for updating and developing the work systems of the Central Bank and for training its cadres.

Article : 87

A fund named “Deposit Insurance Fund at Banks” shall be established at the Central Bank, and shall have a legal personality, with an independent budget. It shall also have a board of trustees under the chairmanship of the Governor of the Central Bank. Its head office shall be located in the city of Cairo. The Fund shall comprise in its membership all the banks registered with the Central Bank.

The articles of association of the Fund shall be issued by virtue of a decree by the President of the Republic, upon a proposal of the Governor of the Central Bank, and a proposition of the Prime Minister. The articles of association shall comprise, in particular, the following:

(A) The purposes of the Fund, the means of their achievement, and the regulations of the Fund’s relation with banks;

(B) A determination of the membership fees and the banks’ annual subscriptions;

(C) The formation of the board of trustees and the work system in the Fund;

(D) The scope of insurance for deposits, and the maximum limit of insurance;
(E) The financial resources of the Fund, and the rules and aspects of spending therefrom; and

(F) The auditing system of the Fund.

The surplus on the Fund’s resources shall be carried forward from one financial year to another.

**Article : 88**

The Board of Directors of the Central Bank may, upon a proposal of the board of trustees of the Fund, take any of the following measures, whenever any bank contravenes the provisions of the Fund’s articles of association or the decrees issued for its enforcement:

(A) Issuing a caution, and

(B) Obliging the bank to settle an amount not exceeding (5%) of the last annual subscription amount of the bank, increasing to (10%) in case of reoccurrence of the violation. The proceeds of these amounts shall be added to the resources of the Fund.
Section – 3

Management of Public Sector Banks

Article : 89

Without prejudice to the provisions of Article (43) of this Law, all public sector banks shall be subject to the same provisions to which all the other banks are subject to, with the exception of those for which a special provision is stipulated in this section.

In all cases, these banks shall not be subject to the provisions of the Law of Public Sector Authorities and Companies, as promulgated by Law No. 97 of the year 1983.

Article : 90

Each public sector bank shall have a board of directors to be formed as follows:

(A) A chairman of the board of directors,
(B) Two deputy chairmen, and
(C) Six members specialized in banking, monetary, financial, economic, and legal affairs, with previous experience in banking business.

The board chairman and members shall be appointed by decree of the Prime Minister, after consulting the Governor of the Central Bank, for a renewable three-years term, as shall be determined in the Executive Regulations of this Law.

The two deputy chairmen shall be appointed by decree of the Prime Minister after consulting the chairman of the board of directors of the bank.

The salaries, allowances, and remuneration of the chairman of the board and his/her two deputies, the remuneration of specialized members who are non-staff of the bank, and the attendance allowances for the board of directors shall be determined by decree of the Prime Minister.
Article : 91

The bank’s board of directors shall approve all internal work regulations. It shall also endorse the payroll, incentives, and allowances, with due regard to the provisions prescribed in the Labor Law as promulgated by Law No. 12 of the year 2003 in this respect.

Article : 92

Public sector banks’ representatives in the banks and companies to the capital of which they contribute shall be appointed by a decision of the board of directors of the bank. The appointment decision shall be for one term renewable only once. The bank’s board of directors may change its representatives before the end of the board’s term without prejudice to the provisions of Article (43) of this Law.

Article : 93

Each of the public sector banks shall have a general assembly to be formed from among those who have banking, monetary, financial, economic and legal expertise, by decree of the Prime Minister. This assembly shall be headed by a representative of the owner of the majority of capital, who shall be designated by decree of the President of the Republic.

The general assembly of the public sector bank shall assume, in particular, the following:

(A) approving the financial statements and distribution of profits,

(B) amending the statute, including the extension or reduction of the bank’s duration, and the increase or reduction of the bank’s authorized and paid-up capital,

(C) deciding the merger or divestiture of the bank. The resolution issued in this respect shall only be valid, pending approval of the Cabinet, and

(D) approving the budget.
The chairman and members of the board of directors of the bank and the auditors shall attend the general assembly meetings, but shall not have a counted vote.

**Article : 94**

The private sector may own shares in the capital of fully state-owned banks. In this case, the bank shall be subject to the provisions of the Law of Joint Stock Companies, Partnerships Limited by Shares, and Limited Liability Companies as promulgated by Law No. 159 of the year 1981.

The provisions of the Articles of Section – 2, Chapter - 3 of this Law shall also apply to the bank.

In respect of the share the State owns in the capital of a bank, the Prime Minister shall appoint representatives of the public funds in the general assembly meetings of that bank.

**Article : 95**

The general budget of the State shall not comprise the current and capital resources and uses of public sector banks. The net profits of these banks shall be transferred to the public treasury of the State, proportionate with its share, after deducting the reserves determined to be formed, or the profits to be retained.

**Article : 96**

A fund shall be established for updating the systems of work in public sector banks, developing the skills and abilities of their staff, and for covering the costs of their enrolment in local and international training programs.

The resources of this Fund shall be formed of:

(A) A percentage not exceeding (5%) of the annual distributable net profits of public sector banks.
(B) The contributions of the banks benefiting from the services of the Fund, and
(C) The gifts, donations and subventions the Prime Minister agrees to accept for that purpose.

The statute of the Fund and its application as well as the party to which it is affiliated, shall be issued by decree of the Prime Minister.
Section – 4

Maintaining The Secrecy of Accounts

Article : 97

All accounts, deposits, trusts, and safes of the customers at banks, as well as their related dealings, shall be kept secret. Having access to or giving particulars about these accounts directly or indirectly shall be prohibited, except by written permission from the owner of the account, deposit, trust, or safe, any of his/her heirs, or any legatee of all or part of these funds, or from the legal representative or the proxy delegated in this regard or on the basis of a judicial ruling or an arbitration award.

The prohibition stipulated in the previous clause shall apply to all persons and parties, including those empowered by law to have access to or obtain the papers or data, divulging the secrecy of which, is prohibited according to the provisions of this Law. This prohibition shall continue to exist even if the relation between the customer and the bank is terminated for any reason.

Article : 98

The Attorney General or any one/s (s)he delegates from among at least the first public attorneys may, of his/her own accord, or upon the request of an official party or interested party ask the Cairo Court of Appeal to pass an order for accessing to, or obtainment of any data or information related to any accounts, deposits, trusts, or safes prescribed in the previous Article, or their relevant transactions, whenever this is required to reveal a fact in a felony or misdemeanor the perpetration of which is established by serious evidences.

Any interested party, on declaration of one’s wealth when a garnishment order is served on one of the banks subject to the provisions of this Law, may submit the request referred to in the previous clause to the relevant court of appeal.

The court, held in chamber, shall decide the request within the three days subsequent to the date of its submission, after hearing the statement of the public prosecution or the interested party.
The Attorney General or the one/s (s)he delegates for that purpose from among at least the first public attorneys, and the concerned parties, according to each case, shall notify the bank and interested parties of the court order within the three days subsequent to passing it.

The time specified for the declaration of one’s wealth shall begin from the date of notifying the bank of the said court order.

The Attorney General, or the one/s (s)he delegates from among at least the first public attorneys shall directly order the access to, or the obtainment of any data or information related to the accounts, deposits, trusts, or safes prescribed in Article (97) of this Law, or their related transactions. (S)he shall give this order if this is required to reveal a fact in one of the crimes prescribed in Book – 2, Part – 2, Section – 1, of the Penal Code, and in the crimes prescribed in the anti-Money Laundering Law as promulgated by Law No. 80 of the year 2002.

**Article : 99**

The Board of Directors of the Central Bank shall set the rules regulating the banks’ exchange of information and data related to their customers’ debt and credit facilities, with the Central Bank and among themselves, in a way guaranteeing their secrecy and ensuring the availability of the data required for sound bank lending. It shall also set the rules to be followed for preparing the due diligence reports on banks paving the way for selling all, or part of their shares, or for their merger.

**Article : 100**

The board chairman and members of banks, their directors or staff shall be prohibited from giving or disclosing any information or data related to bank customers, accounts, deposits, trusts or safes or their transactions in respect thereof, or from enabling other parties to have access to them in cases other than those permitted by virtue of the provisions of this Law.

This prohibition shall also apply to any one who, by virtue of his/her profession, position, or work, peruses and has access, directly or indirectly, to the said data and information.
The provisions of Article (97) and (100) of this Law shall not prejudice the following:

(A) The legal tasks assigned to auditors of banks and with the powers legally vested for the Central Bank.

(B) The bank’s commitment to issue a certificate of the reasons for refusing to cash a check, upon the demand of whoever is entitled to that right.

(C) The bank’s right to reveal all or part of the data concerning customer’s transactions, which are necessary to establish the bank’s right in judicial dispute, arising between the bank and its customer concerning these transactions.

(D) The conditions prescribed in the laws and provisions regulating anti-money laundering measures.
Section – 5

Mortgaging The Property and Assets to Banks

Article : 102

Without prejudice to the provisions governing the recording of official mortgage of real estates, aircraft, and ships, and the commercial mortgage of commercial stores as stipulated in their regulating laws, and the provisions of the Mortgage Law No. 148 of the year 2001, an application for recording the mortgage of real estates that are presented to banks as a collateral against finance and credit facilities, shall be submitted to the notary public office within the jurisdiction of which lies the real estate. The title deed and abstract of title, and the names and data of the parties to the mortgage contract, as well as the credit facility statement or the value and terms of the finance shall be attached to the application. The application shall be recorded in a special register provided for this purpose at the office of the responsible notary public.

The responsible notary public office shall verify the boundaries and specifications of the real estate, after completing the necessary documents, based on the application and the title deed.

The application shall be decided on within seven days from the date of its submission together with the necessary documents.

The application for recording the real estate shall not be rejected, except in the case of not completing the documents required for recording.

In all cases, the applicant shall be notified of the acceptance of the application or the decision of its substantiated rejection within seven days from the date of the decision, by a registered letter with acknowledgment of receipt.

Article : 103

Without prejudice to the reduction and exemption provisions legally established on official mortgage, all fees due on official and commercial mortgages extended to banks as a collateral against finance and credit facilities, as well as fees on renewing and adjusting the value of these mortgages shall be reduced by 50%. The maximum limit of these fees shall be as follows:
- 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.

Canceling of these mortgages shall be exempted from all fees.

**Article : 104**

After being notarized, the commercial mortgage contract of commercial stores, given to banks as a collateral against which finance and credit facilities are extended shall be considered an executive deed in applying the provisions of Article (280) of Civil and Commercial Procedure Law.

The commercial store may be mortgaged to foreign banks as a collateral against the finance and credit facilities used in the Arab Republic of Egypt.

**Article : 105**

Where an agreement exists, the bank shall be given, in its capacity as a mortgagee, the right to sell the mortgaged securities if the debtor does not settle the bank’s dues that are guaranteed by the mortgage, on their maturity. The bank may sell these securities according to the provisions regulating the trading in securities on the Stock Exchange, after the lapse of ten working days from ordering the debtor to settle its dues, by virtue of a summons, without being restricted by the provisions prescribed in Articles (126 and 129) of the Trade Law, and Article (8) of the Capital Market Law as promulgated by Law No. 95 of the year 1992, and Articles 59, 60, 61, 61-bis (1), 61-bis(3), 61-bis(4), and 61-bis(5) of the Executive Regulations of the said law.
Section – 6

Regulating Banknote Issue and Foreign Exchange Transactions

Chapter – 1
Regulating Banknotes

Article : 106

The currency unit of the Arab Republic of Egypt is the Egyptian pound. It is divided into one hundred piasters.

Article : 107

Without prejudice to the provisions of Law No. 50 of the year 1940 regarding the banknote issue, the Central Bank shall exclusively have the right to issue the banknotes. The Board of Directors of the Central Bank shall specify the denominations and specifications of the banknotes that may be issued. The banknotes shall bear the signature of the Governor of the Central Bank.

Article : 108

The banknotes issued by the Central Bank shall be of an unlimited legal tender.

Article : 109

The banknotes that are issued shall always be covered by a balance of equivalent value formed of gold, foreign currencies, foreign securities, Egyptian government bonds and bills, and any other Egyptian bonds guaranteed by the government.

Article : 110

The gold, foreign currencies and assets forming the cover of the banknotes issue shall be deposited at the Central Bank in Cairo, at one of the public sector banks in the Arab Republic of Egypt, or at any of the banks abroad to be approved by the Board of Directors of the Central Bank. Depositing this cover shall be in the name and for the account of the Central Bank.
Chapter – 2
Regulating Foreign Exchange Transactions

Article : 111

Every natural or legal person may maintain all the foreign currencies transferred thereto, or owned or possessed thereby. He shall have the right to conduct any foreign currency transaction, including inward and outward transfers, and local dealing, providing these transactions shall be made via the banks authorized for dealing in foreign currencies.

The natural or legal person may also deal in foreign currencies via the entities authorized to conduct such dealings according to the provisions of this Law, as defined in its Executive Regulations.

A register shall be established at the Central Bank for recording these entities. The Executive Regulations of this Law shall define the conditions, rules and procedures of recording in the register.

Dealing within the Arab Republic of Egypt whether purchase or sale of goods and services shall be in Egyptian pounds according to the rules to be stated in the Executive Regulations, unless otherwise stipulated in an international convention or another law.

Article : 112

The rules and principles pertaining to the regulation of the foreign exchange market, supply and demand, shall be issued by decree of the Prime Minister upon a proposition of the Board of Directors of the Central Bank.

The exchange rate of the Egyptian pound against the foreign currencies shall be determined by the interaction of supply and demand forces in the foreign exchange market, in light of the foregoing rules and principles.

Article : 113

Authorized banks may carry out all foreign exchange transactions including the acceptance of deposits, dealing in foreign exchange, inward and outward transfers, operation and hedging with respect to their foreign exchange holdings. The export and import of foreign banknotes and the export of foreign currencies shall be exclusively undertaken by authorized banks subject to the approval of the Central Bank.
In case a bank violates the rules and procedures of dealing, the Governor of the Central Bank may take whatever steps (s)he deems appropriate in respect thereof, which include suspending the bank’s dealings in foreign exchange for a period not exceeding one year.

**Article : 114**

The Governor of the Central Bank may authorize bureaux de change and the entities licensed under the provisions of this Law to conduct this dealing. The rules and procedures of this dealing shall be set by the Board of Directors of the Central Bank.

In case of violation of the above-mentioned rules and procedures by any of these companies or entities, the Governor of the Central Bank may suspend the license for a period not exceeding one year, and may cancel it in case of recurrence of violation, and the company or entity shall be delisted from the register. The company or entity shall be delisted from the register and its license be cancelled if it ceases its activity, merges in another company, is declared bankrupt, or liquidated, or adopts a policy detrimental to the public economic interest.

The Board of Directors of the Central Bank shall issue a decision specifying the terms of licensing and the work system of these companies and entities, and the Central Bank’s system of supervision thereon.

**Article : 115**

A bureau de change shall take the form of a joint-stock company, all shares thereof shall be nominal and owned by Egyptians. Its purpose shall be solely to carry out exchange operations. The fully paid-up capital of a bureau de change shall not be less than LE 10 million.

**Article : 116**

Entry of the foreign exchange into, or its exit from the country shall be warranted for all travelers, providing its amount shall be declared on entry or exit, if it exceeds ten thousand US dollars, or their equivalent in foreign currencies.

Passengers arriving in or departing from the country may hold Egyptian banknotes, not exceeding five thousand Egyptian pounds.
The entry or exit of Egyptian banknotes via postal consignments and parcels shall be prohibited.

The amounts referred to in the first and second clauses of this Article may be modified by virtue of a decree of the Prime Minister, in agreement with the Governor of the Central Bank.

**Article : 117**

Authorized banks, bureaux de change, and the entities licensed to deal in foreign exchange shall submit to the Central Bank statements on the foreign exchange transactions conducted thereby, whether taking place for their own account or for the account of other parties. The Board of Directors of the Central Bank shall specify the content and timing of the statements and the dates and means of their submission.

The Central Bank shall exercise supervision over the execution of foreign exchange transactions, in compliance with the provisions of this Law, its Executive Regulations and the decrees issued for its enforcement.
Section - 7

Penalties

Article: 118

Without prejudice to any stricter penalty stipulated in the Penal Code or in any other law, the crimes stated in the following Articles shall be liable to the penalties prescribed therein.

Article: 119

Whoever violates any of the provisions of Article (31) of this Law shall be liable to imprisonment and a fine of not less than five thousand pounds and not exceeding fifty thousand pounds, or either penalty.

The same penalty shall apply to whoever uses any kind of finance or credit facilities other than those for the purposes and fields stated in the credit approval.

In case of recurrence, the offender shall be sentenced to both imprisonment and a fine.

Article: 120

Whoever violates any of the provisions of Articles (38, 42, and 60) of this Law shall be liable to a fine of not less than fifty thousand pounds and not more than one hundred thousand pounds.

Article: 121

Whoever violates any of the provisions of Articles (51 and 52) of this Law shall be liable to a fine of not less than one hundred thousand pounds and not more than two hundred thousand pounds.
Article : 122

Whoever refrains from submitting the statements, reports, or information referred to in Articles (75, 76, and 77) of this Law within the dates specified therefor, shall be liable to a fine of not less than twenty thousand pounds and not more than fifty thousand pounds.

Whoever refrains from submitting the books, registers, papers, or documents to those who have the right to have access to them, shall be liable to the same penalty, in addition to that a ruling shall be passed to enforce access thereto.

Article : 123

In compliance with the provisions of this Law, whoever, with the intention of premeditated fraud falsifies or conceals certain facts in the data, reports or other papers submitted by banks to the Central Bank, shall be liable to imprisonment and a fine of not less than twenty thousand pounds, and not more than one hundred thousand pounds.

Article : 124

Whoever violates any of the provisions of Article (97 and 100) of this Law, shall be liable to imprisonment for a period of not less than one year, and a fine of not less than twenty thousand pounds, and not more than fifty thousand pounds.

Article : 125

Without prejudice to the provision of Article (124) of this Law, whoever among the workers in charge of enforcing the provisions of this Law divulges any data or information (s)he has ex officio obtained, shall be liable to imprisonment for a period not exceeding two years, and a fine of not less than five thousand pounds, and not exceeding ten thousand pounds or either penalty.
Article : 126

Whoever violates any of the provisions of Article (116) of this Law shall be liable to imprisonment for a period not exceeding three months and a fine of not less than five thousand pounds, and not more than twenty thousand pounds, or either penalty.

Whoever violates any of the provisions of Articles (111, 113, and 117) of this Law, shall be liable to a fine of not less than ten thousand pounds, and not more than twenty thousand pounds.

Whoever violates any of the provisions of Article (114) of this Law, or the decrees issued for its enforcement, shall be liable to a fine of not less than one hundred thousand pounds, and not more than five hundred thousand pounds.

In all cases, the amounts and articles of the legal action shall be seized and confiscated by a court ruling. If the objects are not seized, an additional fine equivalent to their value, shall be ruled.

Article : 127

Whoever commits any other violation of the provisions of this Law, or the decrees issued for its enforcement, shall be liable to a fine of not less than five hundred pounds, and not exceeding five thousand pounds.

Article : 128

In the cases where the crime is committed by a legal person, the natural person in charge of the actual management of the violating legal person shall be liable to the same penalties prescribed for the acts committed in violation of the provisions of this Law, once the said natural person is established to be aware thereof, and the crime has been committed because of his/her dereliction of the duties of his/her post.

The legal person and the said natural person shall be held jointly responsible for the discharge of the financial penalties and compensations if the crime is committed by one of the employees therein, in the name and on behalf thereof.
**Article : 129**

With regard to the crimes stipulated in this section, the court may rule that a summary of the conviction judgment be published in one or more new papers, or be published in any other way at the expense of the convicted person.

**Article : 130**

The employees of the Central Bank to be assigned by a decree of the Minister of Justice, in agreement with the Governor of the Bank, shall be vested with the capacity of law enforcement officers, in respect of the crimes committed in violation of the provisions of this Law and the decrees issued for its enforcement, and related to duties of their posts.

**Article : 131**

No criminal action shall be brought or any investigation procedures shall be taken in the crimes stipulated in this Law and the decrees issued for its enforcement, and in Articles 116 (bis) and 116 (bis-A) of the Penal Code within the scope of enforcing the provisions of this Law, except upon a request by the Governor of the Central Bank or the Prime Minister.

**Article : 132**

The Governor of the Central Bank shall receive all what is sent by the public prosecution, according to the provisions of Article (131) of this Law. (S)he shall also receive the reports sent by control and security parties on banking violations including those connected with finance and credit facilities.

A specialized department shall be established at the Central Bank. It shall comprise experts in banking, in economic, and in legal affairs and shall undertake the examination and study of the reports received by the Governor, and referred to it, in application of the provisions of the previous clause.

Banks shall provide this department with all the necessary documents, data and information it requires for completing the process of examination and study.
The said department shall prepare, within a period not exceeding thirty days from the date of referral, a report on the results of examination and study, coupled with its view. The report shall be submitted upon its preparation to the Governor to take the necessary measures in light thereof, according to the provisions of the Law.

**Article : 133**

The banks subject to the provisions of this Law may settle the crimes referred to in Article (131) thereof, even if the request stipulated in this Article has been issued in respect thereof. This shall be true whatever the status of the action, and as long as no peremptory judgment has been passed, providing all the rights of the bank shall have been settled according to the terms of the settlement.

A notarized report on the settlement signed by its parties, shall be drawn up, and have the force of an executive instrument. The investigation parties or the responsible court shall be notified thereof. The settlement shall be considered tantamount to relinquishing the request, and shall result in dismissing the criminal action in respect of the incident subject of the settlement with all its descriptions.

A fee, to be determined in the Executive Regulations of this Law, shall be collected for notarizing the settlement report. This fee shall not exceed (0.5%) of the value of the rights agreed upon to be settled according to the terms of settlement.

**Article : 134**

The Governor of the Central Bank shall be entitled to set aside an amount not exceeding 10% of the confiscated sums and the additional fines, to be distributed among all those who have informed on, helped to capture or detect, a crime violating the provisions of section (6) of this Law, or among those who have helped complete the relevant procedures in accordance with the rules set by the Board of Directors of the Central Bank.
Article 135

Without prejudice to the penalties and other sanctions stated in this Law, or any other law, in case a bank is found to violate the provisions of this Law, the statutes of the Central Bank or decisions issued by its Board of Directors, the said Board may take any of the following measures:

(a) Lodge a caution.

(b) Reduce or suspend the credit facilities granted to the violating bank.

(c) Prevent the violating bank from conducting certain transactions, or limit the size of the credit offered thereby.

(d) Obligate the violating bank to deposit non-interest bearing balances at the Central Bank, for the period it chooses, in addition to the credit balance stipulated in Article (74) of this Law.

(e) Demand the board chairman of the violating bank to invite the board for a meeting to consider the subject of the violations ascribed to the bank, and take the necessary actions for their removal. One or more representatives of the Central Bank shall attend the board’s meeting in this case.

(f) Appoint an observer member in the bank’s board of directors for a period to be determined by the Board of Directors of the Central Bank. This member shall be entitled to participate in the board’s discussions and to record his/her view in the decisions taken thereby.

(g) Dissolve the board of directors, and appoint a delegate mandated to manage the bank for a period not exceeding six months extendible to another six-month period. This delegate shall during the period of his/her appointment submit the issue to the general assembly of the bank for electing a new board of directors, or merging in another bank, or liquidating the bank.