



New Unified Insurance Law Aims to Modernize the Egyptian Insurance Sector

By Sherry El Shalakany and Zaina Morad

Introduction

On the 9th of July 2024, the long awaited new Unified Insurance Law No. 155 of 2024 (the “**Law**”) has been recently issued after several years of deliberations and discussions. The Law has repealed the old insurance law No. 10 for the years 1981, Law No. 54 of 1975 Issuing the Private Insurance Funds Law, Law No. 72 of 2007 Issuing the Mandatory Insurance Law for Civil Liability Arising from Accidents Involving Motor Vehicles in the Arab Republic of Egypt. Additionally, Articles 747 to 771 Civil Code No. 131 of 1948 related to insurance matters.

The Law became effective on July 11, 2024. The main purpose behind the Law is to develop the insurance sector in Egypt, introduce more comprehensive regulations in order to combat current regulatory oversight in the industry, as well as to further ensure consumer protection.

Key Highlights

Regulatory Authority: The Financial Regulatory Authority (FRA) is designated as the main regulatory body overseeing all insurance and reinsurance companies, as well as their associated services and professions.

New Insurance Types: The Law introduces several new types and branches of insurance, including retirement annuities, energy insurance and related liabilities, agricultural insurance, insurance against default, cyber risk insurance, specialized medical insurance, and microinsurance. The FRA is also authorized to establish additional insurance types and propose compulsory insurance policies tailored to the Egyptian market, such as professional liability insurance, highway and toll road accident insurance, railway and metro accident insurance, student insurance, and insurance for Egyptians abroad.

Capital Requirements: The Law significantly raises the minimum paid-up capital requirements: EGP 250 million for insurance companies, with an additional EGP 50 million required for those in high-risk sectors like oil, aviation, and energy. For reinsurance companies, the minimum capital is set at EGP 1 billion. Companies must fully meet these capital requirements before commencing operations.

Ownership and Voting Rights: The Law imposes detailed rules on share ownership and voting rights. Any increase beyond thresholds of 10%, 25%, 33.3%, 50%, 75%, and 90% of issued capital or voting rights requires prior approval from the FRA’s board.

Dispute Resolution: Economic courts are designated as the competent authority for resolving disputes related to the application of the Law, with the exception of cases under the jurisdiction of the State Council.

Compliance Period: Companies have one year to comply with the Law, with possible extensions of up to three years granted by the FRA’s board.

Market Reaction

The Law is expected to have a positive reception among both insurance companies and consumers. While it imposes higher capital requirements on insurers and introduces additional mandatory insurance policies for consumers, the benefits are anticipated to be substantial. According to Mr. Alaa El Zoheiry, Chairman of the Egyptian Insurance Federation, insurance companies have long supported the introduction of mandatory insurance policies to expand the industry and grow their customer base. The reforms are expected to drive industry transformation, enhance financial inclusion, and strengthen consumer protections, heralding a new era of growth for Egypt’s insurance sector.



FRA issues new regulations for SPACs

By Omar Sherif, Passant Ashraf and Malak Mounir

Introduction

The Financial Regulatory Authority (the “**FRA**”) has issued Decree No. 148 of 2024 (the “**Decree**”), introducing significant amendments to the listing and delisting rules on the Egyptian Stock Exchange (“**EGX**”), specifically targeting Special Purpose Acquisition Companies (“**SPACs**”). These changes are part of the FRA’s ongoing efforts to enhance the regulatory framework and ensure the stability and transparency of the Egyptian capital market.

Key highlights

Under the new Decree, SPACs must adhere to stringent requirements before listing on the EGX. Initially, these companies must have a minimum paid-up capital of EGP 10 million, which should be increased to EGP 100 million within three months of listing. The capital increase must be offered in a private placement to qualified investors or financial institutions, with detailed disclosures including, but not limited to, the company’s structure, target sectors, investment strategies, regulatory framework and related-parties.

Furthermore, SPACs are required to propose an acquisition plan to their Extraordinary General Shareholders’ Meeting (the “**EGSM**”) within six months of listing, with the actual acquisition needing to be completed within two years. The acquisition must result in at least a 100% ownership or a controlling stake in the target company. Failure to meet these deadlines could lead to the company’s delisting from the Egyptian Stock Exchange (the “**EGX**”).

The decree also mandates comprehensive disclosure and reporting obligations for SPACs. Once an acquisition is completed, these companies must publish a detailed disclosure report, including their strategy for maintaining compliance with listing requirements. Additionally, founders must retain at least 100% of their shares until the company meets profitability conditions, ensuring a long-term commitment to the company’s success.

To protect market integrity, the FRA has imposed strict insider trading restrictions. Insiders, including board members and key executives, are prohibited from trading shares five business days before and one day after the disclosure of any material event or information. This measure aims to prevent unfair trading practices and ensure a level playing field for all investors.

The decree outlines clear conditions under which SPACs may be delisted from the EGX. If a SPAC fails to propose or complete an acquisition within the specified timeframes, it faces mandatory delisting. In such cases, the company must repurchase the free float and capital increase shares at a fair value, as determined by an independent financial advisor. Additionally, SPACs are required to join and maintain membership in the Investor Protection Fund against non-commercial risks, providing an added layer of security for investors.

The decree grants companies listed on the EGX a three-month period to comply with these new regulations. Effective from the day after its publication in the Egyptian Official Gazette, this decree reflects the FRA’s commitment to fostering a robust and transparent market environment in Egypt.

These companies must be established as single-purpose venture capital entities specifically for acquisitions, with a mandatory obligation to apply for the listing of their shares on the stock exchange within one month of obtaining their license.



Market Reaction

This [move](#) is aimed at opening a new financing channel through the Egyptian Stock Exchange for non-banking financial activities and digital platforms operating in the fintech sector. The initiative seeks to capitalize on the significant opportunities available in both the non-banking financial institutions (NBFIs) sector and the rapidly growing fintech and digitalization sectors, thereby expanding the beneficiary base of non-banking financial activities.

The market has recently seen the establishment of the first SPAC.





Amendments to the Rules and the Procedures for the Unlisted Securities on the Egyptian Stock Exchange and Transferring their Ownership

By: Omar Sherif and Mohamed Nour

As part of the continuous amendments in the capital markets, amendments to the Decree No. 94 for the year 2018 (the “**Decree**”) regarding the rules and the procedures for the unlisted securities on the Egyptian Stock Exchange and transferring their ownership have been enacted by Financial Regulatory Authority (the “**FRA**”). The amendments aim to ease the transferring of the ownership of the not listed securities in the Egyptian Stock Exchange.

The FRA Decree No. 146 for 2024 (the “**Amendment**”) was published in the Official Gazette on 8 July 2024 and entered into force the next day. The Amendment adds Article (10) of the Decree.

We shall delve into the key highlights of the Decree as follows:

Key highlights

The Amendment introduced a new regulation that imposes an obligation on Misr for Central Clearing, Depository and Registry (the “**MCDR**”) to notify the Egyptian Stock Exchange of the operations carried out in accordance with the provisions of Articles (37 and 38) of the Central Depository and Registry Law for Securities and Financial Instruments. These Articles govern the transfer of ownership of shares in central depository companies between its shareholders. Those include central depository members and stock exchanges.

Accordingly, the Egyptian Stock Exchange shall record these operations and notify both the FRA and the MCDR of evidence of the transfer of ownership and the percentages of distribution of shares to the members of the Central Depository.

Market Reaction

The Decree was welcomed by the market as it was perceived as a positive step to develop the rules and procedures for transferring the ownership of central depository companies and to provide conclusiveness as to its shareholding.

SHALAKANY

1912



New Amendments to the Executive Regulations of the E-Signature Law

By Alexandra Arida

On June 12, 2024, the Minister of Communications and Information Technology (“**MCIT**”) signed Decree No. 467 of 2024, amending the Executive Regulations (“**ER**”) of the E-Signature Law No. 15 of 2004 (the “**Decree**”).

The Decree was published in the Official Gazette on July 2, 2024 and came into effect the following day.

The Decree introduces substantial amendments to the ER, incorporating new chapters such as "Trust Services," as well as regulating the legal validity of electronic documents, the expression of intent electronically, the criteria for trusted electronic transactions, and the conditions for electronic storage of documents.

We outline below the key highlights of the new ER amendments:

E-Documents Validity

The ER reinforces the validity of e-documents by asserting that their validity cannot be disputed solely based on their creation, storage, transmission, or receipt in electronic form. When the law requires an expression of intent to be in writing, an e-document is deemed valid if it is stored or preserved in a manner that ensures it can be accessed and reviewed at any time.

Additionally, with regards to the drawing up, amendment, and termination of contracts, the expression of intent—whether it pertains to an offer or acceptance—may be made electronically, unless the parties agree otherwise or the law provides otherwise.

The legal validity of electronic messages and documents is established if the following technical criteria have been met:

- a) It is technically possible to establish the date and time when the message or document was created, by means of an independent electronic storage method outside the control of the sender or the recipient
- b) It is technically possible to establish the source of the message or document and the degree of control imposed by the content creator on that source and on the content creation tools
- c) In the case of automatic creation of a message or document without any human intervention, its validity shall be established if the date and time of its creation can be established and it can be established that no one has tampered with such message or document.

Trust Services

The ER introduces the notion of “Trust Services” which encompass a large range of services, namely: (i) electronic signature service, (ii) electronic seal service, (iii) electronic time-stamp service, (iv) registered electronic mail service, and (v) website authentication service. Said notion was introduced to align with the European Union standards on Trust Services (together referred to as “**Trust Services**”).

The ER further outlines the conditions and procedures for obtaining licenses for the various types of Trust Services.

Trusted Electronic Transactions



The ER regulates and defines Trusted Electronic Transactions as electronic transactions that utilize one of the Trust Services mentioned above.

In this regard the ER provides the criteria for Trusted Electronic Transactions in its technical annex specifying the technical and procedural standards, including the following: (i) the transaction must allow for the identification of the transaction's owner, (ii) the transaction must be conducted in a manner that enables the detection of any subsequent alterations, (iii) the transaction must be implemented through one of the Trust Services set forth in the ER, utilizing Public Key Infrastructure (PKI) technology.

Market Reaction

According to the Minister of Communications and Information Technology, Mr. Amr Talaat, the ER is the first to regulate Egypt's electronic transactions. It governs the editing, exchange and saving of documents online whilst preserving the rights of beneficiaries, and guarantees the credibility of online transactions. Talaat added that the amendments introduced by the Decree are meant to encourage the expanded use of electronic signature technology by individuals and institutions, in line with technological developments in this field. [\[link\]](#)

A large, light blue watermark of the Shalaky logo is centered on the page. It features the stylized bar chart from the logo above the text 'SHALAKANY' and '1912' below it, all enclosed in a light blue rectangular border.

SHALAKANY

1912