

## FRA Issues Decree Amending Auditors' Registry Regulations

*By Omar Sherif and Malak Sobhy*

### Introduction

The Financial Regulatory Authority (“**FRA**”) issued Decree No. 305 for the year 2024 (the “**Decree**”), amending Decree No.244 for the year 2023 concerning regulations governing the registration with and delisting procedures from the FRA’s Auditor’s Registry (the “**Registry**”).

The Decree was published in the Official Gazette on January 20, 2025, and came into effect the following day.

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

### Amendments to the Regulations of the Registry

The Decree extends the temporary suspension period in the register from a maximum of one year to a maximum of three years. The Decree also allows for delisting with the possibility of re-registration after a period ranging from six months to five years.

Additionally, the Decree introduces the possibility of permanent delisting from the register if an auditor is found to have violated professional performance standards, ethical conduct or Egyptian auditing standards, or if they fail to meet registration requirements.

### Market Reaction

This decree is in line with the FRA’s efforts to enhance transparency and accountability in financial reporting, thereby boosting investor confidence and market integrity.

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## New Decree Sets Minimum Capital Requirements for Insurers

*By Sherry El Shalakany and Malak Sobhy*

### Introduction

The Financial Regulatory Authority (“**FRA**”) issued Decree No. 196 for the year 2024 (the “**Decree**”), setting the minimum capital requirements for companies operating in insurance sector.

The Decree was published in the Official Gazette on January 19, 2025, and became effective the following day.

We shall delve into the key highlights of the Decree:

### First: Minimum Capital Requirements for Insurance and Reinsurance Companies

The Decree sets the following minimum issued and paid-up capital requirements:

#### Life, Investment, Property and Liability Insurance Companies

- *Minimum Capital:* EGP 600 million, through phased capital increase over two years.

Phase One	EGP 400 million
Phase Two	EGP 600 million

Companies have a grace period to raise their capital to EGP 400 million within one year of the Decree’s effective date, and by the end of the second year, the capital must be increased and reached to EGP 600 million.

#### Property and Liability Insurance Companies operating in Oil, Aviation, or Energy Insurance

- *Minimum Capital:* EGP 650 million, through phased capital increase over two years.

Phase One	EGP 450 million
Phase Two	EGP 650 million

Companies have a grace period to raise their capital to EGP 450 million within one year of the Decree’s effective date, and by the end of the second year, the capital must be increased and reached to EGP 650 million.

#### Microinsurance Companies

- *Minimum Capital:* EGP 40 million. Companies have a one-year grace period to comply with the minimum capital requirement.

#### Specialized Insurance Companies and Specialized Medical Insurance Companies

## January Newsflash

- *Minimum Capital:* EGP 75 million. Companies have a one-year grace period to comply with the minimum capital requirement.

### Reinsurance Companies

- *Minimum Capital:* EGP 1 billion. Companies have a one-year grace period to comply with the minimum capital requirement.

### Second: New Minimum Capital Requirements for Companies Engaged in Insurance-Related Activities

The Decree sets the following fully minimum issued and paid-up capital requirements, as follows:

### Medical Insurance Program Management Companies

- *Minimum Capital:* EGP 20 million. Companies have a one-year grace period to comply with the minimum capital requirement.

### Insurance and Reinsurance Brokerage Companies

- *Minimum Capital:* EGP 5 million. Companies have a one-year grace period to comply with the minimum capital requirement.

### Risk Assessment, Damage Assessment, Consulting Insurance Companies and Actuarial Expertise Companies

- *Minimum Capital:* EGP 3 million. Companies have a one-year grace period to comply with the minimum capital requirement.

### Compliance

All Companies subject to the Decree are required to submit a detailed timetable outlining their capital increase plans to the FRA within one month of the Decree's effective date (i.e. January 20, 2025). Additionally, companies are prohibited from distributing any cash dividends to shareholders before meeting the minimum capital requirements, unless prior approval is obtained from the FRA. The capital shall be fully paid in Egyptian Pounds or in foreign currencies accepted by the Central Bank of Egypt.

### Market Reaction

This Decree reflects [FRA'S ongoing efforts](#) to monitor and regulate non-banking financial markets, aiming to enhance the financial stability of the insurance industry and ensure adequate capital reserves for companies. The Decree seeks to bolster the insurance sector's capacity and its impact on the national economy, in accordance with the provisions of the Unified Insurance Law enacted in July 2024.

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## Government Extends Compliance Deadline for Public Shops

*By Mostafa El Zeky and Zaina Morad*

### Introduction

The Egyptian Prime Minister has introduced, through Decree No. 10 of 2025 (the “**Decree**”), a key amendment to the Executive Regulations of the Public Shops Law No. 154 of 2019 (collectively, the “**Law**”). This amendment reflects the government’s commitment to streamlining regulatory procedures and ensuring efficient governance of public shops.

### Key Highlights

The Law had introduced several new rules and licensing requirements for public shops. In this regard, public shop owners were granted two years from the publication date of the Supreme Licensing Committee's decisions (the “**Decisions**”) specifying further licensing requirements, to (i) continue undertaking the activities under the existing license, and (ii) adjust to comply with the new requirements. In December of 2022, the Supreme Licensing Committee issued twelve Decisions covering a variety of licensing details including, *inter alia*, manager requirements, activity risk levels, and licensing fee categories.

The Decree has extended the abovementioned period to four years, instead of two years, from the publication of the Decisions, pushing the deadline for public shop owners to comply to December of 2026.

### Conclusion

By extending the validity period of specific licenses and approvals, the Decree aims to provide public shop owners with greater flexibility and additional time to meet regulatory requirements. Allowing more time to comply with regulatory requirements eases administrative burdens and provides shop owners with greater operational stability.

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## Financial Regulatory Authority Updates Mortgage Finance Regulations

*By: Dr. Moataz El Mahdy and Haythem Hamdy*

### Introduction

On the 19<sup>th</sup> of January 2025, the Egyptian Financial Regulatory Authority (“**FRA**”) has introduced key amendments to the rules governing mortgage finance through its decree No. 306 of 2024 (the “**Decree**”), effective January 20, 2025 (“**Date of Enforcement**”). These changes aim to enhance market stability and investor protection while ensuring financial institutions adhere to transparent and structured mortgage practices.

### Fundamental Aspects

#### Transfer of Mortgage Portfolios

The seller (“**Assignor**”) must provide the purchaser (“**Assignee**”) with all necessary documents, including investor files, original sales contracts, debt instruments and any other document the Assignee deems important. The Assignee may acquire the debt instruments partially, provided the remaining instruments are reserved for the Assignee until the full repayment of the assigned mortgage portfolio. In this case, the Assignor is prohibited from assigning any of the unacquired instruments to any other party.

#### Investor Creditworthiness and Payment History

Lenders must verify the borrower's financial creditworthiness to meet mortgage payments by reviewing income records. A borrower's consistent payment record over the preceding year can serve as proof of financial stability. Investors who have prepaid at least 20% of the unit price (or 10% in special cases) can qualify for financing, provided they maintain a positive credit rating and have secured a creditworthiness inquiry report from a licensed credit information company indicating a classification level that reflects their payment regularity.

The Decree permits real estate financing companies to engage in partial transactions with real estate developers for the purchase of financial rights portfolios. Additionally, it reduces the required prior payment compliance rate for customers from 20% to 10% of the unit price.

Further, mortgage finance companies must adhere to specific financing limits ensuring responsible lending for both residential and non-residential properties.

### Conclusion

Those amendments shall be published in the official gazette and on the FRA website. Mortgage lenders are required to comply with the updated rules from the Date of Enforcement.

The above reinforces the FRA's commitment to market transparency, investor protection, and financial stability, fostering a more robust mortgage finance sector.

## Amendments to the Regulations Governing Non-Listed Securities Transactions

By Zaina Morad

### Introduction

The Financial Regulatory Authority (the “**FRA**”) has issued Decree No. 303 of 2025 (the “**Decree**”), introducing significant amendments to the rules and procedures for trading non-listed securities and the process for transferring their ownership.

These amendments, which modify provisions of FRA Board Decision No. 94 of 2018 (the “**Regulations**”), aim to enhance market efficiency and provide greater flexibility for transactions involving non-listed securities.

### Key Highlights

- **Increased transaction threshold:** The amendment increases the financial threshold stated in the Regulations from EGP 20 million to EGP 60 million for the transactions that must be presented to and approved by the EGX’s operations’ committee.
- **Extended verification period:** Buyers may now evidence the deposit of the transaction amount into the seller’s bank account within two months, instead of one month, preceding the submission of a request for execution, offering more flexibility for buyers.
- **Acceptance of settlements before FRA approval:** Brokerage firms may now, under their own responsibility, accept settlements before, instead of after, obtaining a no-objection from the FRA.

### Market Reaction

We anticipate that the amendments introduced by the Decree will be met positively by market participants, seeing that it broadens the scope of transactions not subject to approvals, allows for greater flexibility in navigating non-listed securities transactions and ease of trading.

The Decree aligns with the FRA’s consistent efforts to develop and improve operational efficiency in the non-banking sector. Investors and brokerage firms are expected to be taking note of these changes and adjusting their compliance practices accordingly.

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