Digital Platforms for Real Estate Investment Funds

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Introduction

On 5 August 2025, the Financial Regulatory Authority ("**FRA**") issued Decree No. 125 of 2025 (the "**Decree**"). This Decree sets out the rules for establishing and operating digital investment platforms that allow investors to subscribe to and redeem units of real estate investment funds.

The Decree is grounded in several financial and technological laws, including the Capital Market Law No. 95 of 1992, the Electronic Signature Law No. 15 of 2004, and the Fintech Law No. 5 of 2022. It also builds on FRA decisions regarding licensing, digital identity, IT infrastructure, and data protection. Together, these legal bases ensure that the new platforms comply with both financial regulations and digital security requirements.

Scope of Application

The rules apply to digital platforms licensed by the FRA that are designed for investment in real estate investment fund units. These platforms function as digital business models using financial technology tools to facilitate subscriptions, redemptions, and the disclosure of required information to investors.

Definitions and Parties

The Decree defines the platform as *"a licensed digital business model managed by a company, as authorized by the FRA"*. Key parties include:

- *Platform manager:* a licensed company from the FRA authorized to promote, cover, and receive subscriptions.
- *Real estate investment fund:* the fund offering the units.
- *Other participants:* investment managers, management service companies, the central depository, and qualified investors.

Mandates of Platforms

Platforms shall be mandated with several tasks, including:

- Registering investors after verifying their knowledge and financial capacity, with a special knowledge test for individuals.
- Providing secure digital connections with all parties.
- Opening accounts with the central depository and offering safe digital payment channels.
- Publishing fund feasibility studies, minimum subscription requirements, and educational materials.
- Maintaining communication channels between funds, investors, and the FRA.
- Keeping records of complaints, disclosures, and all financial statements.

Disclosure Requirements

The Decree requires platforms to make general disclosures (such as registration rules, platform manager details, complaints procedures, and risk information) and fund-specific disclosures (such as feasibility studies, valuations, financial statements, and material events). All information must be accurate and updated, with liability for damages if false or misleading information is disclosed/published

Subscription Rules

Subscriptions must be processed digitally through approved forms. Funds must open dedicated bank accounts with banks supervised by the Central Bank of Egypt. Investors may withdraw their funds if the minimum required subscription level is not reached. Each investor receives a digital investment certificate as proof of ownership, recorded in the central depository register.

Redemption Rules

Investors may redeem units through the fund under the conditions set in the approved information memorandum. Redemptions may be financed by fund liquidity, new subscriptions, or borrowing. Platforms must process redemption requests fairly, with caps to prevent excessive redemptions that could harm the fund. All redemption operations must be updated in the central depository records, and investors must receive electronic confirmations.

Enforcement and Entry into Force

The Decree requires all platforms to comply with its rules as of **6 August 2025**. The FRA will supervise implementation, and non-compliance may trigger corrective or legal action.

Conclusion

The Decree introduces a comprehensive regulatory framework for digital platforms offering access to real estate investment funds in Egypt. It aims at promoting financial technology while safeguarding investors through strict licensing, disclosure, and operational requirements. The regulation reflects Egypt's wider strategy of modernizing its capital markets through digital solutions.