



Regulatory Framework for Digital Platforms Investing in Private Equity and Venture Capital Funds

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Introduction

On September 18, 2025, the Financial Regulatory Authority (“**FRA**”) issued decree no. 194 of 2025 (the “**Decree**”) setting out a regulatory framework governing digital platforms facilitating investment in private equity fund units and funds engaged in venture capital activities. The Decree aims to modernize the non-banking financial sector by enabling the use of financial technology, while imposing safeguards to ensure investor protection, transparency, regulatory oversight, and operational resilience.

The Decree applies only to digital (fintech) platforms that facilitate investments in private equity fund units of venture capital funds licensed by the FRA.

We will delve into the main provisions of the Decree below.

Key Definitions

The Decree introduces several definitions including, *inter alia*:

- **Platform:** A digital business model authorized by the FRA to facilitate non-banking financial activities and allow subscription, reclamation, and information disclosure related to the relevant transactions.
- **Platform Manager:** A company authorized and licensed to promote and underwrite securities, and to receive subscriptions, and further licensed by the FRA to establish and operate the Platform.
- **Eligible Investor:** A natural person possessing sufficient knowledge of investment risks and digital platform usage, verified by a knowledge test approved by the FRA, and meeting minimum financial requirements.

Core Obligations of the Platform under the Decree

The Decree imposes extensive operational duties, including, *inter alia*:

- Verification and digital registration of investors, subject to knowledge tests and financial capability checks.
- Provision of secure and approved digital payment channels;
- Publication of feasibility summaries where required;
- Investor education on investment tools and related risks; and
- Maintaining separate records/books for each issuance including independent accounting and disclosure records.

Disclosure Requirements

The Decree sets out and distinguishes between general disclosures available to all registered or prospective investors and specific disclosures relating to the fund.

In addition, the Decree sets out the subscription rules, requiring, *inter alia*, fully electronic subscription forms, investor data, and electronic signatures for legal entities. Each issuance must have a dedicated bank account under a CBE licensed bank, with immediate refunds for



withdrawals or failed minimum subscriptions. It also mandates real-time coverage indicators, electronic confirmations and digital unit issuance.

The Decree further regulates reclamation, requiring electronic execution and reporting to the FRA and central depository along with further rules.

Market Reaction

The [market reaction](#) to the Decree appears to be cautiously optimistic. The new framework is largely seen as a significant milestone in the formalization and digitization of Egypt's venture capital and private equity ecosystem. Market participants acknowledge that the decree could broaden investor access and introduce much-needed structure to what was previously an informal investment landscape.

However, the reaction also reflects measured concern about the heavy compliance obligations and operational complexity the new rules impose on fund managers and digital platforms. Overall, the sentiment suggests that while the market recognizes this as a progressive step toward a more transparent and regulated investment environment, the true test will lie in implementation, and whether the ecosystem adapts smoothly to the FRA's standards without stifling innovation or accessibility.