



New Law Introduces Regulations on State-Owned Companies

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Introduction

On 18 August 2025, the Egyptian legislator issued law No.170 for the year 2025 (the “**Law**”) introducing a framework regulating certain aspects specific to state ownership in companies wholly or partially owned by the state. The Law repeals article 27 of law No.97 for the year 1983, thereby lifting previous restrictions on share transfers with regard to public entities.

The Law was published in the Official Gazette on 18 August 2025 and came into effect the following day.

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

Scope of Application

The Law applies to companies whose capital is wholly owned by state administrative units, public entities, or state-owned companies, as well as companies partially owned by the state. It excludes companies established under international agreements, entities governed by special legislations, state-owned insurance company shareholdings, and companies of strategic or national significance as designated by the Cabinet.

State Ownership Policy Document and State-Owned Companies Unit

The Law mandates the issuance of a state ownership document by the Prime Minister setting out the parameters of state participation in economic activities. Additionally, the Law establishes a new state-owned companies unit (the “**Unit**”) with mandates including proposals to encourage private sector participation, recommendations for regulatory reforms enhancing the performance of state-owned companies, the identification of state-owned companies for spin-off, merger, sale, or public offering on the Egyptian Stock Exchange (the “**EGX**”), and the preparation of quarterly and annual reports.

Regulatory Mechanisms

The Law introduces specific regulatory mechanisms, as follows: (i) for state-owned companies, the disposal may be conducted by sale in primary and secondary markets, capital increase, a broader ownership base, spin-off and merger; and (ii) for partially state-owned companies, disposal is limited to the sale of shares, quotas, or voting rights owned by the state entities, provided that such sales do not violate the company’s constitutive documents or shareholders’ agreements.

Fair Value Committee



By virtue of a Prime Ministerial Decree and based on the Unit's proposal, a committee shall be established to review and approve fair value studies of state-owned companies. Said committee shall include representatives from the Ministry of Finance, the Ministry of Planning and Economic Development, the Ministry of Justice, the Financial Regulatory Authority, the Central Bank of Egypt, the EGX, the Unit and an independent expert nominated by the Prime Minister. Said committee shall review valuation reports prepared by licensed independent financial advisors for both wholly and partially state-owned companies.

Restrictions and Safeguards

The Law also mandates that no new wholly or partially state-owned company may be established without prior Cabinet approval and based on the Unit's recommendation. Additionally, companies subject to disposal may, with the Unit's approval, retain a portion of the proceeds to finance expansions, restructuring, or operational improvements.

Governance and Unified Rules

Upon the Unit's proposal and Cabinet approval, the Prime Minister shall issue unified guiding regulations governing the selection and performance evaluation of state representatives on boards, and governance standards for disclosure, transparency, financial performance and auditing.

Market Reaction

This Law comes in line with the Egyptian government's efforts to attract foreign direct investment and encourage the participation of the private sector. The executive regulations of the Law shall be issued within six months of the Law's entry into force by the Cabinet and based on the Unit's recommendation, further providing clarifications on the provisions of the same.