



Optimizing Dividend Payouts While Uplifting Investors' Account Security

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Introduction

On 21 October 2025, the Financial Regulatory Authority ("**FRA**") issued Decree No. 226 of 2025 (the "**New Decree**"), amending the FRA's Decree No. 61 of 2017 regulating procedures to enhance the protection of clients' accounts with companies operating in the securities sector (the "**Old Decree**"). The New Decree reflects the FRA's continued commitment to strengthening transparency, investor confidence, and technological integration within Egypt's capital markets.

Key Points

Revised Mechanisms for Distributing Dividends and Returns

The New Decree expands the methods for distributing dividends and returns. While the Old Decree allowed payments via bank transfer, bank cheque, or ATM card, the New Decree introduces additional options, including electronic wallets and other technological mechanisms approved by the FRA. Furthermore, the FRA may authorize other distribution methods based on submitted requests.

Obligations of Custodian Banks When Opening Accounts

The New Decree requires all entities licensed to act as custodian banks to verify that each client holds a valid bank account with a bank licensed by the Central Bank of Egypt before facilitating any purchase or sale of securities. Custodian banks are further required to provide the client's banking information to the Misr for Central Clearing, Depository and Registry ("**MCDR**"), while clients may also submit these details through the approved electronic applications operated by the MCDR.

Grace Period for Existing Clients

Current investors are granted a one-year grace period to regularize their accounts by opening a bank account in compliance with the new requirements. During this transitional period, existing cash distributions of dividends and returns will continue through MCDR's payout outlets.

Conclusion

The Decree marks another step in Egypt's ongoing efforts to modernize its securities infrastructure and strengthen investor protection mechanisms. By mandating the use of verified banking channels and approved technological systems for financial distributions, the FRA enhances transparency, mitigates operational risks, and aligns market practices with global standards for investor account management.