

CMA
Chairman 's Office
Decision No. 24 of 2007
Rules of licensing the staff of securities brokerage companies

Capital Market Authority Chairman

Having reviewed the Capital Market Law No. 95 of 1992,
and the Executive Regulations of the Capital Market Law promulgated by the decree
of Minister of Economy and Foreign Trade no. 135 of 1993,
And the CMA Chairman's decree no. 49 of 2006 on the requirements of establishing
and licensing securities intermediaries,

The following provisions were decided

Article (1)

In application of provisions of the Capital market Law, its Executive Regulations and
CMA board of directors' decrees on the prerequisites of the securities companies'
board members, manager and staff concerning their experience and qualifications,
this decree shall be applicable on the licensing requirements and provisions
established by the CMA for those employees who occupy the jobs mentioned in
article (3) of this decree.

Article (2)

Licensing of the staff of the companies addressed by these provisions shall be
through a decree from the CMA Chairman based on a proposal to be submitted by
CMA department concerned with issuing staff licensing. The decree shall be made
after fulfilling all necessary requirements, including taking part in specialized training
courses organized or sponsored by the CMA and passing the relevant tests
authorized by the CMA.

Article (3)

All securities intermediaries shall be required to fill the following jobs as a minimum
in no later than the end of April 2007:-

1. The company's managing director.
2. A branch director for companies granted the CMA's approval to practice
brokerage activity through one branch or more.
3. An internal control officer.
4. An anti-money laundering officer.

An internal control officer may also undertake the responsibilities of the anti-money
laundering officer

5. An executer.
6. An account manager.

7. A researcher and a financial analyst for companies granted the CMA's approval to prepare reports or researches on securities, their markets and issuing companies.
8. A financial manager.
9. A back-office operations manager.

Article (4)

Notwithstanding provisions of article (5) of this decree, brokerage companies shall submit to the CMA, before the end of April 2007, an evidence of filling the jobs mentioned in the previous article and a statement of the names, experience, qualifications and all data of the employees on the form prepared by the CMA for that purpose. Brokerage companies shall submit all documents supporting these data whenever requested by the CMA.

The employees working for the company should fulfill the requirements stipulated in this decree. In addition, they should pass the exams qualifying for the certificates referred to in Annex (1) attached to this decree no later than the end of June 2008.

The CMA board of directors shall issue a decree specifying these exams and the relevant service fees.

Article (5)

Brokerage firms shall submit to the CMA before the end of December 2007 an evidence of filling the two jobs of a risk manager and an internal auditor with a statement of their experience, qualifications and all the relevant data. Brokerage companies shall submit all documents supporting these data whenever requested by the CMA.

The employees working for the company should fulfill the requirements stipulated in this decree. In addition, they should pass the exams qualifying for the certificates referred to in Annex (1) attached to this decree no later than the end of June 2008.

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Article (6)

Applicants for licensing for any of the aforementioned jobs at securities intermediaries shall meet the following general terms:

1. To be of good reputation.
2. To be eligible for the job.
3. To have the appropriate university education.
4. To work on a full-time basis and not to occupy any other job or capacity in any other securities company nor to practice any other business unless approved by the CMA.

5. Have not been subject to a disciplinary dismissal or permanently banned from practicing any job at the securities business or any free profession. The candidate should have never been subject to a criminal penalty condemned in felony, a disgraceful crime or any other penalty limiting the candidate's freedom for any of the crimes stipulated in any of commercial code , capital market or depository and central registry laws or a judgement has been issued to declare the candidate's bankruptcy unless otherwise rehabilitated.

Article (7)

Companies addressed by this decree shall be required to provide the CMA with a proper mechanism for selecting its directors, representatives and employees and validating their good conduct. Companies shall also be committed to inform the CMA with newly recruited employees and any termination of service within no more than fifteen days from the date of appointment or dismissal on the forms prepared by the CMA for this purpose.

Employees licensed to occupy the jobs mentioned in articles (3) and (5) shall inform the CMA that they quitted their jobs or their employment has been terminated by the company along with the relevant reasons within fifteen days on the form prepared by the CMA for that purpose.

Article (8)

Employees, working in the companies addressed by this decree and willing to obtain the licenses necessary for practicing the profession, shall be exempted from the prerequisite of taking part in the courses organized or supervised by the CMA and of passing the exams approved by the CMA in this regard, in case similar courses and certificates for each of the jobs, mentioned under this decree and shown in the attached annex No. (2), have been obtained.

Such exemption shall not be in breach of the commitment to pass the test of "capital market supervisory rules and regulations".

Article (9)

Employees occupying higher management positions shall be exempted from the aforementioned exams according to the following terms:

- A- His experience in similar jobs in the field of exchanges and securities markets should not be less than ten years.
- B- He should have good reputation and his record should be free of violations.
- C- He should pass a personal interview according to the rules stipulated by the CMA in this regard.

Higher management positions in the company mean the following jobs:

- 1- Board chairman

- 2- Managing director
- 3- Member of the board of directors
- 4- Executive manager
- 5- Other equivalent or similar jobs, whereby a decision of the CMA board chairman is issued.

Article (10)

The license should be valid for three years and should be renewable by the end of this period, provided that the requirements of vocational development are fulfilled according to the terms stipulated by the CMA in this regard.

Exemptions stipulated under articles (8) and (9) of this decree should not be in breach of the commitment of license holders towards fulfilling the requirements of continuous vocational education and development.

Article (11)

In case a license holder commits any of the violations, stipulated under the capital market governing laws, that threaten the stability of the capital market or jeopardize the interests of its dealers, or in case it is proved that a license holder is in breach of the provisions of the code of ethics issued by the CMA, the CMA shall have the right to take the necessary measures, it deems appropriate, in this regard.

Article (12)

This decree shall be put into effect as of the day following its issuance date. The concerned parties shall fulfill their obligations as stipulated under this decree.

CMA Chairman
Dr. Hani Sarie-EIDin

Annex No. (1)

Certificates of licensing employees of brokerage companies & the description of each job tasks

Job tasks	General Certificate			Specialized courses	
	Introduction to securities & investment	Supervisory & regulatory rules & regulations of capital market	Corporate governance course	Operational risk certificate	Investment Management certificate
Managing director/ branch director	√	√	√		
Internal control officer	√	√	√		
Anti-money laundering officer	√	√	√		
Risk manager	√	√		√	
Executor	√	√			
Account manager	√	√		Sections 6, 7 & 9 of the risk manager exam	
Financial researcher/ analyst		√			√
Financial manager	√	√	√		
Back-office operations manager	√	√			
Internal auditor	√	√	√		

Explanations:

- 1- One employee may perform the functions of the internal control officer and the anti-money laundering officer.
- 2- The account manager shall attend the training courses organized by the stock exchange regarding the technical rules of handling the stock exchange trading system and should pass the necessary exams.
- 3- The internal control officer shall attend the training courses organized by the stock exchange regarding the technical rules of handling the exchange trading system, with no need to pass the exams.
- 4- The financial manager shall have the appropriate vocational qualification as specified by the CMA in collaboration with the Egyptian Association for Accountants & Auditors.
- 5- The job of the financial research/ analyst is only necessary in case the company performs researches about the marketable securities, as per article No. 223 of the executive regulation of the capital market law No. 95 for the year 1992.

Job description & responsibilities related to each job

Managing director:

He is responsible for proposing, implementing and assessing the general policy and the strategic plan of the company in coping with the trends drawn by the board of directors and with the protection of shareholders' rights. He also represents the company in dealing with the regulatory, governmental and other agencies, without breach of the responsibilities of the board chairman, stipulated under the provisions of the law and the applicable regulations. He also supervises the higher management of the company and ensures that each department realizes the targeted objectives. He is the officer in charge of applying the principles of disclosure, transparency and corporate governance.

Internal control officer:

He is responsible for applying the regulations and laws whereby the company abides, including all what is issued by the regulatory agencies in this regard. He shall inform the higher management of the company of any violations and submit such violations to the CMA, in case the necessary measures have not been taken. His job tasks include periodic audit, review and signing of the customer order record, revising invoices and the record of trades made by the board members and managers, making sure that all daily sale/ purchase transactions of customers are available at the customer's statement of account and that the company has a file for each customer. The internal control officer shall be fully aware of the documentary cycle, as of the date on which a customer starts dealing with the company. He is committed to submit to the CMA a list of the company's employees and their relatives who deal with the company in order to obtain the CMA's approval following the ratification of the board of directors. He shall verify that the company does not execute sale/ purchase orders in favor of one of its directors or employees in applied transactions, where the other party is one of the customers. He shall also verify that all invoices are printed and approved daily. He shall maintain a file of all customer complaints related to the activities of the company, the results of the procedures taken and the duration of inspecting such complaints. He shall have the necessary authorities in the company to perform the said functions and tasks.

Anti-money laundering officer:

He is responsible for applying the measures of anti-money laundering, applicable to the customers' accounts and the accounts of the company's employees. He shall abide by the procedures taken by the company and approved by the CMA regarding the customers' IDs and legal competence and the methods adopted to verify their information and apply the principle of "Know Your Client", study and inspect extraordinary and suspicious transactions and make relevant decisions. He shall inform the supreme management of the company, the CMA and the anti-money laundering unit of the violations or any suspicious money laundering activities. He is in charge of preparing periodic reports on the different activities of the company and the assessment of anti-money laundering system and procedures of the company and on the extraordinary and suspicious transactions and the measures taken

regarding such transactions. He shall be responsible for fighting money laundering and maintaining confidentiality of information and procedures when performing his functions.

Risk manager:

He is in charge of drawing up the policies and procedures necessary for specifying, measuring and avoiding all types of risk faced by the company, and preparing the relevant reports. The risk manager plays a significant role in following up the application of the capital adequacy requirements issued by the company. Hence, he shall have an analytical mind and be fully aware of the means of risk assessment and measurement.

Executor:

He is in charge of entering the orders of customers dealing with the brokerage company he works for. He also executes their transactions through the stock exchange, either inside or outside the trading floor, according to the list of orders approved by the company and prepared by virtue of the orders received and reviewed according to the internal systems of the company that are approved by the CMA. The executor may not contact customers or deal directly with them.

Account manager:

He is in charge of receiving execution orders and instructions from the customers of the company, contacting such customers and sending those orders once they are received to the back office to be recorded and processed according to the internal systems of the company that are approved by the CMA.

Financial researcher/ analyst

He is responsible for issuing capital markets related researches, including the analysis of the financial statements of listed companies, calculation of their financial position indicators, studying their administrative policy and the possibility of company's growth and development and assessing the fair value of the share. He shall maintain accuracy when preparing all statistics, reports and researches before they are posted.

Financial manager:

He is in charge of suggesting and applying finance and investment policies and managing the financial resources of the company in keeping with the protection of shareholders' rights and achieving the highest possible profitability. He supervises the preparation and analysis of the financial statements, studies the company's financial position indicators and prepares accounting reports, while abiding by the International and Egyptian Accounting Standards.

Back office operations manager:

He is responsible for receiving the orders and instructions of the company's customers from the account manager and reviewing such orders and instructions according to the company's manual approved by the CMA. He shall verify that all orders and instructions are in line with the governing rules, procedures and legislations regulating trading. He shall also verify the capacity and identity of customers and the possibility of execution according to the customer requirements. He shall also prepare a list of orders to be approved and sent to the executors.

Internal auditor

He is in charge of applying the ideal supervisory method to ensure compliance with the rules and procedures stipulated under the company's by-laws. He shall notify the board of directors of any violations in this regard and shall follow up the measures taken to remove such violations. The main tasks of the internal auditor include making sure that customers' accounts are separated from the company's accounts, how to deal with customers dealing through checks, feeding customers balance with checks once they are received, how to verify that the company deals with the customer himself or his legal representative when paying the outcome of deals. He shall also verify the method of paying the sale price to customers and how to deal with credit and debit balances, verify the documentary cycle of the company and review all procedures.

Annex (2)

Exceptions

Holders of equivalent or similar certificates from one or more of the following bodies are exempted from the requirement of passing the exams required for obtaining the relevant licenses:

Certificate	Awarding Body
<ul style="list-style-type: none"> Canadian Securities Course plus Conduct and Practices Handbook 	Canadian Securities Institute
<ul style="list-style-type: none"> Certificate 	New Zealand Stock Exchange
<ul style="list-style-type: none"> Certificate in Financial Markets 	Securities Institute of Australia
<ul style="list-style-type: none"> Certified European Financial Analyst 	EFFAS Societies with Accredited examinations
<ul style="list-style-type: none"> Chartered Financial Analyst (Level 1) 	CFA Institute
<ul style="list-style-type: none"> Dealers Representative Examination 	Singapore Exchange
<ul style="list-style-type: none"> Diploma 	The Swiss Stock Exchange
<ul style="list-style-type: none"> Diploma 	Association of Belgian Financial Analysts
<ul style="list-style-type: none"> Diploma of Financial Markets 	Securities Institute of Australia
<ul style="list-style-type: none"> Elementary, Intermediate and International Capital Market Courses 	Korea Securities Training Institute
<ul style="list-style-type: none"> Examination 	NIBE – SVV – The Dutch Institute for the Banking, Insurance and Stock Brokering Industry
<ul style="list-style-type: none"> Examination 	French Society of Investment Analysts
<ul style="list-style-type: none"> General Certificate Program 	ISMA/University of Reading
<ul style="list-style-type: none"> International Capital Markets Qualification (inclusive of the Fixed Interest and Bond Markets Module) 	Securities Institute/ South African Institute of Financial Markets
<ul style="list-style-type: none"> Irish Registered Representatives Examination 	Irish Stock Exchange/ Dublin City University
<ul style="list-style-type: none"> Membership Examinations 	Johannesburg Stock Exchange
<ul style="list-style-type: none"> Ordinary and Senior Certificates 	South African Institute of Financial Markets
<ul style="list-style-type: none"> Promotore Finanziario Examination 	Italian Exchange

<ul style="list-style-type: none"> • Representative of Public Securities Qualification – Class 1 	Japanese Bankers Association
<ul style="list-style-type: none"> • Representative of Public Securities Qualification – Type 1 	Japanese Securities Dealers Association
<ul style="list-style-type: none"> • Secondary Examination 	Analyst Association of Japan
<ul style="list-style-type: none"> • Series 7 – General Securities Representatives Examination 	National Association of Securities Dealers
<ul style="list-style-type: none"> • Trainee Dealers Representatives Examination 	Kuala Lumpur Stock Exchange