

CSDs: MCDR (Egypt)

Date: 24 Mar 2011

SMI Markets: Egypt

CMIRR Markets: Egypt

Summary Trading Arrangements

In an update to our previous newsflashes and given the extraordinary circumstances observed in the Egyptian market, please find below a summary of the on-exchange market arrangements that will remain in place until announced otherwise by the market regulators.

Trading arrangements:

- Trading hours will be from 10.30am until 1.30pm;
- Pre-market price discovery session will no longer take place;
- Circuit breaker arrangements will apply as follows:
 - Trade suspension for 30 minutes will be imposed once fluctuation is more than 5% on any given share;
 - If fluctuation continues and exceeds 10%, trading will be suspended for the rest of the session on that share;
 - For the EGX 100 Index the circuit breaker threshold is 5%, trading will be suspended for 30 minutes;
 - If the EGX 100 Index fluctuates more than 10%, trading will be suspended until the EGX Chairman decides to resume operations;
- Same day trading will not be permitted;
- Brokerage firms will need to cover their activities by liquid capital of 5% instead of 10%, and report their positions daily;
- The total amount paid by brokers for intra-day trading shall be included when calculating their net working capital;
- Employees of any listed company will be allowed to buy its shares;
- Listed companies are requested to continuously report their operational, financial and administrative status;
- Individuals that fall under the updated prohibition list are not allowed to execute any transaction in any form in their names, by proxy, by authorization or as beneficiary owners. To see the list of banned individuals, click here: [Official list](#);
- Issuing companies applications to purchase treasury stocks shall be approved in the same day.

Margin Trading

- The threshold for the end-of-day margin call is now 70%, instead of 60% for shares and 85% for treasury bills;
- Buying on margin requires a deposit value equivalent to 75% of the bought shares;
- Custodians may liquidate collateral if:
 - Their client doesn't respond to the margin call within two working days after notification.
 - Their client's debt balance breaches 80% of the share's market value (70% previously) and 90% for T-bills / Government bonds.
- Moreover, the ranges of collateral that can be accepted by custodians are:
 - Unconditional bank guarantees;
 - A blocked cash deposit that can be liquidated upon the request of the custodian without prior approval from the investor (discounted at 90%);
 - Securities that are allowed to be considered as collateral;
- For securities that are usually not allowed to be used as collateral, these can be used provided their collateral value does not exceed

60% (subject to the registrar's approval).

Egyptian Investor Protection Fund (EIPF)

The Egyptian Financial Supervisory Authority (EFSA) has expanded the role of the Egyptian Investor Protection Fund (EIPF) after being granted the approval from the Prime Minister. The fund was given permission to exercise the following roles:

- Ability to buy securities with the intention to stop any sudden drop in the price of any given security. However, the fund should not use more than 10% of its income when doing so;
- Ability to offer credit facilities for its participants using a maximum 20% of its income;
- Investors have the option to be compensated by the fund through purchase of relevant shares from the market which equal to the assigned amount of their compensation;
- The fund has the right to decrease participation fees.

CSD Risk Impact

MCDR (Egypt)

CSD Rating: A+

CSD Flash Impact: Stable

This flash is for information only.

Market Information Impact

Egypt

This information affects the data contained in the Stock Market sections of the Securities Market Information Service.

Infrastructure Risk Ratings Impact

Egypt

Market Rating: A

Market Flash Impact: Stable

This flash is for information only.

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