

CSDs: MCDR (Egypt)

Date: 19 Dec 2011

SMI Markets: Egypt

CMIRR Markets: Egypt

Criteria for Companies Eligible for Margin Trading, Short Selling and Intra-day Trading Activities

The Egyptian Financial Supervisory Authority (EFSA) has issued the rules and criteria for companies eligible for margin trading, short selling and intra-day trading activities, according to Article 293 of the Executive Regulation of Law no. 95 of 1992. Details are as follows:

- The listed company should publish its financial statements for at least one fiscal year, unless the company was listed according to Articles 11 and 11 bis of the EGX Listing rules.
- The company's free floated market capitalisation should not be less than 2/10000 of the total market free floated market capitalisation.
- The number of trading days on the stock should not be less than 95% of the total trading days.
- The company's shares should be traded through at least 65% of the member firms operating during the period under review.
- Trading in the company's stocks should be carried out by at least a daily average of 30 investors.
- The turnover ratio for the stock should not be less than 40% (trading volume/listed shares).
- Effects of special deals are to be excluded when calculating the criteria related to this activity. Additionally, EGX should take into consideration the diversification of sectors when selecting the securities.

Please note that:

- EGX can, in some cases, rely on the company's historical trading data when adding companies undergoing a restructure.
- EGX can eliminate some stocks in cases of cross holding of 30% or more, or in case of non-compliance with the disclosure rules.
- EGX shall revise the list of companies eligible for specialised activities (margin trading, short selling and intra-day trading) on an annual basis. Companies eliminated from this list shall be announced a month prior to elimination.
- EGX should inform EFSA of the list of companies eligible for specialised activities as well as any modification made to the list.
- The rules and criteria shall be announced on both the trading screens and EGX website.

The official announcement is available here: [Rules and Criteria](#).

CSD Risk Impact

MCDR (Egypt)

CSD Rating: A+

CSD Flash Impact: Stable

This newflash 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

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Related Flash: [Plans to Introduce Short Selling - Update, 28/07/2011 \(click to view\)](#)

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