

Ministry of Finance
Decree Number 480 for 2002
Establishing the “Primary Dealers System”

Upon reviewing of :

- Capital Market Law # 95 for 1992,
- Law # 4 for 1995 authorizing the Minister of Finance to issue Government Bonds,
- Central Depository and Registry law # 93 for 2000,
- Budget Law # 86 of 2001 for fiscal year 2001/2002
- Ministerial Cabinet approval dated 7 April 2002

It has been decreed that:

Article One

Definitions :

1. **Government Securities:** Local obligations of the Arab Republic of Egypt, issued according to law and conditions determined by the Minister of Finance. These obligations consist of existing and future issues of Government Bills and Bonds.
2. **Primary Dealers:** Institutions registered with the Ministry of Finance according to the standard specifications determined by the Minister of Finance. They shall guarantee to underwrite Government Securities issued in Primary Markets and enhance Secondary Market trading activities according to provisions and procedures established by the Minister of Finance.
3. **Primary Market:** Initial issuance of Government Securities directly by the Ministry of Finance or by its designated agent through methods determined by the Minister of Finance.
4. **Secondary Market:** All transactions following Primary Market sale of Government Securities.

5. **Open market:** Trading of Government Securities outside the stock exchange whether between Primary Dealers or between any other institution or individual.
6. **Securities Transactions:** Sale, Purchase and Repurchase Agreements for Government Securities.
7. **Intermediaries between Primary Dealers:** Companies that work as intermediary to facilitate transactions between Primary Dealers in government securities. These companies are established and licensed according to the provisions of the Capital Market Law number 95 of 1992.

Article Two

Primary Dealers shall comply with the following:

1. Underwrite Government issues in Primary Markets.
2. Enhancing Secondary Market activities through sale, purchase and repurchase agreements of Government Securities.

Article Three

1. Primary Dealers shall be either Banks or Authorized Bond dealers.
2. For a Bank to acquire a Primary Dealer status, it has to seek Central Bank of Egypt's approval, in addition to a license from the Capital Market Authority (CMA) authorizing dealing in Government Bonds.
3. Establishing and licensing bond dealers shall be according to provisions of Capital Market Law number 95 for 1992.

Article Four

1. Minister of Finance shall issue the Executive Regulations regarding the rights and obligations of Primary Dealers and the provisions and procedures of trading government securities.

2. Primary Dealers shall participate in both Primary and Secondary markets for Government securities. These activities shall be specified in the Executive Regulations.
3. Primary dealers shall submit reports to the Ministry of Finance regarding their respective trading activities as specified in the Executive Regulations.

Article Five

Non-compliance with the provisions of the Decree and its Executive regulations issued by the Minister of Finance, may result in the revoking a Primary Dealer's license.

Article Six

1. The Minister of Finance shall establish provisions and procedures for trading Government Securities in the open market.
2. Primary Dealers may trade Government Securities in the open market provided they notify the Stock Exchange of all transactions of Government Bonds according to the specified rules. They may not charge any commission on any open market transactions.

Article Seven

The Primary Dealers shall:

1. Submit proposals to the Minister of Finance regarding rules and procedures of trading in Government Securities so as to guarantee efficiency and transparency in the Government Security's secondary market.

2. Propose establishing “Intermediaries” between Primary Dealers.
3. Provide training for their employees.

Article Eight

The provisions of this decree and related resolutions concerning Government Bonds shall not be in violation of the Capital Market Law and the Securities Central Registry and Depository Law referred to herewith and its related decrees.

Article Nine

This Decree shall be published in the Official Gazette and shall be effective the following day of its publication.

Issued on 20/4/2002.

Minister of Finance