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Acquisition Finance

Egypt

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practiceguides.chambers.com

2021

Law and Practice

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CONTENTS

1. Market	p.3	6. Guarantees	p.10
1.1 Major Lender-Side Players	p.3	6.1 Types of Guarantees	p.10
1.2 Corporates and LBOs	p.3	6.2 Restrictions	p.10
1.3 COVID-19 Considerations	p.3	6.3 Requirement for Guarantee Fees	p.10
2. Documentation	p.3	7. Lender Liability	p.10
2.1 Governing Law	p.3	7.1 Equitable Subordination Rules	p.10
2.2 Use of LMAs or Other Standard Loans	p.4	7.2 Claw-Back Risk	p.10
2.3 Language	p.4	8. Tax Issues	p.10
2.4 Opinions	p.4	8.1 Stamp Taxes	p.10
3. Structures	p.4	8.2 Withholding Tax/Qualifying Lender Concepts	p.11
3.1 Senior Loans	p.4	8.3 Thin-Capitalisation Rules	p.11
3.2 Mezzanine/PIK Loans	p.4	9. Takeover Finance	p.11
3.3 Bridge Loans	p.4	9.1 Regulated Targets	p.11
3.4 Bonds/High-Yield Bonds	p.5	9.2 Listed Targets	p.12
3.5 Private Placements/Loan Notes	p.5	10. Jurisdiction-Specific Features	p.12
3.6 Asset-Based Financing	p.5	10.1 Other Acquisition Finance Issues	p.12
4. Intercreditor Agreements	p.5		
4.1 Typical Elements	p.5		
4.2 Bank/Bond Deals	p.5		
4.3 Role of Hedge Counterparties	p.5		
5. Security	p.6		
5.1 Types of Security Commonly Used	p.6		
5.2 Form Requirements	p.6		
5.3 Registration Process	p.6		
5.4 Restrictions on Upstream Security	p.7		
5.5 Financial Assistance	p.7		
5.6 Other Restrictions	p.7		
5.7 General Principles of Enforcement	p.8		

1. MARKET

1.1 Major Lender-Side Players

Egypt has the largest banking sector in North Africa. Until the early nineties, the State owned and controlled most banks, but a privatisation and consolidation plan has resulted in several privately owned banks (including major international banks) entering the market. Today, the four main publicly owned banks still have a significant share of the total loans portfolio, but there are 39 well-capitalised banks licensed by the Central Bank of Egypt (CBE), including branches and subsidiaries of several international banks, with a strong presence in the corporate and trade finance space. The CBE sets out rules and limitations where acquisition financing availed by banks is licensed by the CBE, including the restriction on Egyptian Banks to finance more than 50% of the total acquisition price, unless, exceptionally, a pre-approval has been obtained from the CBE to increase that limit. Those rules do not apply to onshore and offshore financial institutions that are not regulated by the CBE. Some of those institutions are quite active in the acquisition finance market, especially when the limits set out by the CBE are not workable for the borrower, or because of the associated time delays with getting an Egyptian bank financing. In those cases, borrowers are willing to pay the generally substantially more expensive financing costs. Pure equity funding is also becoming more common, usually availed by the main shareholders/sponsors of the acquirer, either through shareholders loans or capital increase, while debt capital market financing is usually sought in the form of bond issuance or sukuk.

1.2 Corporates and LBOs

See 1.1 Major Lender-Side Players.

1.3 COVID-19 Considerations

The effects of the COVID-19 pandemic have had a significant impact on the acquisition finance

market, as transactions were put on hold and in some sectors (eg, tourism) reassessed, considering the impact of the pandemic on those sectors.

However, the CBE was swift in issuing some directives to mitigate the negative impact of COVID-19 on the companies performing activities in particularly distressed sectors. Nevertheless, the silver lining of the impact of the pandemic is twofold: (i) the CBE and licensed banks have significantly increased their technical abilities in terms of electronic banking; and (ii) several financial institutions typically not active in the acquisition finance space have stepped up to fill the gap left by banks.

2. DOCUMENTATION

2.1 Governing Law

There are several differences between corporate loans/acquisition finance/LBOs in terms of the applied rules and regulations. However, among the main factors are the identity of the targeted company, the acquirer, the origin of the funds used, and the percentage of acquired shares.

The identity of the targeted company is a main factor in considering the required procedures and approvals to be applied by the competent governmental authorities. The CBE would be the relevant governmental authority responsible in the case of acquiring a bank, while the Financial Regulatory Authority (FRA) would be the competent authority in the case of acquiring a company under its supervision. Each of these requires different procedures, requirements, and approvals in the case of acquiring a controlling stake in a targeted company.

The above-stated finance ratios must be adhered to in the case that the funds are coming from an Egyptian bank. Where any such funds were

availed from corporate loans, other restrictions should be taken into consideration, including the prohibition of availing loans or securing loans availed to one of the board members, with the general obligation under the banking laws for banks to ensure that disbursed funds are being used by borrowers according to the purpose in the relevant credit approval.

2.2 Use of LMAs or Other Standard Loans

Increasingly, the Loan Market Association's (LMA's) forms are the most often used and relied upon in the Egyptian Market. Their prevalence may be attributed to syndicated loans with international banks where a foreign law (typically English) is the governing law, but today LMA-based forms are commonly used for Egyptian pounds-denominated facilities where the applicable law is the Egyptian law, and the language of the documentation itself is in Arabic.

2.3 Language

The requirements relating to the language used in documentation mainly depend on the governing law and, if those documents are planned to be used in Egypt in a later stage, as the place of execution.

In general, Egyptian law does not require the documentation to be in the Arabic language, except for filing and registering some types of securities, such as real estate and commercial mortgages. Any document that is intended to be used before an Egyptian administrative or judicial authority must be in the Arabic language or accompanied with an accredited Arabic-language translation. However, it should be noted that, in practice, certain government-owned or controlled entities may require that the documentation be in Arabic or bilingual, with the Arabic language prevailing in the case of discrepancy.

2.4 Opinions

Typical legal opinions are issued for the benefit of lenders, covering (i) the capacity and authority of the person signing the finance documents, and (ii) the validity and enforceability of the finance documents. In some projects with a complex permitting matrix, a separate opinion on the adequacy and sufficiency of permits in place may be required.

3. STRUCTURES

3.1 Senior Loans

Typically, the financing bank(s) would advance up to 50% of the acquisition value, whilst considering revenue streams from the combined target and acquirer, and would also get collateral from the acquirer and the target (as a condition subsequent post acquisition).

3.2 Mezzanine/PIK Loans

A mezzanine loan is used occasionally in some deals, where it is treated as part of the junior debt that is provided to the debtor(s) and usually subordinated to the senior debts, especially if availed in the form of shareholders' loans. However, they may entertain a lower ranking of security than those of the senior debts, or the same ranking, which differs on a case-by-case basis.

A payment-in-kind (PIK) loan, it is not a very typical financing arrangement in the Egyptian market and is exceptionally used in cross-border transactions, especially if those transactions involve off-take agreements in the oil and gas sector.

3.3 Bridge Loans

Bridge loans are usually availed on a bilateral basis to ensure the necessary financings are in place until finalising the ultimate syndicate financing, with the debt-provider generally being one of the future Mandated Lead Arrangers (MLAs) that will be part of a syndication, thus,

bridging between the instant necessity of financing and the final financing structure.

3.4 Bonds/High-Yield Bonds

Despite not restricted pursuant to the applicable Egyptian laws and regulations. High-yield bonds are often issued by Government and its subdivisions in a form of sovereign bonds. Private corporations' issues of high-yield bonds are rare, unless through private placements fully underwritten by banks, investment banking firms or qualified financial investors. However, regular bonds are more commonly issued in the Egyptian market to secure the required finance that may not be availed by banks on similar terms or pricing.

Sukuk are also currently increasingly considered by corporates as well as by government bodies.

3.5 Private Placements/Loan Notes

Private placements are not very common in the context of raising funds in the acquisition finance space but are more used in equity capital market transactions, such as a tranche geared towards an initial public offering.

3.6 Asset-Based Financing

Asset-based financing is very typical in the Egyptian Market, whereby the value of the availed loan(s) will mostly depend on the value of the acquired assets. Domestic banks are very proactive in asset-based financing (aside from securities acquisition financing) and are mainly relevant to project financing.

It should be noted that a significant share of asset-based financing is associated with real estate acquisition in the new urban communities in Egypt to meet the funding necessity of real estate developers.

4. INTERCREDITOR AGREEMENTS

4.1 Typical Elements

The basic function of an intercreditor agreement is to regulate communication, and actions by lenders, such as enforcement and decision-making. The importance and complexity of an intercreditor agreement follows the underlying transaction, in particular the type and classes of lenders, the type and location of security and the legal regime governing that security, and the different banks' roles (onshore and/or offshore security agent, onshore and/or offshore account bank, etc).

4.2 Bank/Bond Deals

No pattern is followed in the case of bank/bond deals, as they differ significantly on a case-by-case basis and would always be subject to the agreed terms between all the concerned parties and the terms and conditions stipulated in the relevant prospectus or information memorandum, as the case may be. Banks usually act as underwriters in the case of bond issuance to ensure that the required subscription is covered.

4.3 Role of Hedge Counterparties

Mostly, the hedge counterparties will be a party to the intercreditor agreement, where its dues will most likely be treated as part of the senior debt, against some obligations that will be imposed on the hedge counterparties along with the applied mechanics of voting in certain cases and the distribution of the enforcement proceeds. All those elements vary for each transaction, in accordance with the agreed terms between all the related parties.

5. SECURITY

5.1 Types of Security Commonly Used

In acquisition finance, generally the lenders would require the perfection of a pool of collaterals/securities, which would normally comprise the following.

Pledge over Movables

The Movables Collateral Law No 115 of 2015 regulating security over movables (eg, pledge over bank accounts, future assets, movable assets including intangible and tangible assets “excluding, among others: securities and some future assets, such as monies generated from wages, life insurance policies, etc”), would require that the pledge agreement be in writing, that it have a *date certaine*, and that it identify precisely the pledged assets. The pledged assets could be delivered to the security agent or any other third party as trustee or even kept by the pledgor. Such a law could also be used to perfect a commercial mortgage pledge (where the tangible and intangible assets of the debtor would be pledged, in the same manner as in “*fonds de commerce*”).

Real Estate Mortgages

Foreign banks and international financial institutions can benefit from a real-estate mortgage as per the CBE law, provided that the entity in question submits their constitutional documents and fulfils various requirements to the satisfaction of the notary public.

Share Pledge

A pledge over the share capital could be executed by virtue of several laws, each of which differs significantly as to the applied procedures, the availability depending on some factors, including, inter alia, the identity of the pledgee, and the associated rights to the pledge. The pledge could be perfected by using i) the CBE law, ii) articles of the Commercial Code, or iii) the Misr

for Central Clearing, Depository and Registry law (MCDR).

Assignment of Receivables

The assignment of receivables is executed by an assignment agreement between the debtor(s) and the security agent, which would be acknowledged by the payee master, along with other formal requirements to be fulfilled in order for that assignment agreement to be valid vis-à-vis third parties and the payee master.

Fonds de Commerce Mortgage

A *fonds de commerce* mortgage is now permitted to be perfected in favour of foreign banks and international financial institutions, provided that the availed credit facility/loan is used in Egypt and that the CBE’s prior approval has been obtained as per the CBE law, and is perfected in an agreement, whereby all the business of the debtor as tangible and intangible assets (including leasehold rights, trade name, goodwill, machinery and equipment, etc), are pledged in favour of the security agent.

5.2 Form Requirements

See **5.3 Registration Process**.

5.3 Registration Process

In Egypt, depending on the type of security, the registration and filing process will differ.

- A pledge over movables – the pledge agreement must be filed and registered before the Egyptian Collateral Registry (ECR), which is the registry with which security over movables must be registered. However, it is limited to certain Egyptian entities, and some licensed international financial institutions, which have online accessibility to the register. Thus, beneficial usage of the security agent role by one of the banks licensed in Egypt is enabled.

- Real estate mortgages – the mortgage agreement must be in writing, and subject to Egyptian law. That mortgage agreement must be filed and registered with the relevant notary public where the real estate is located. Foreign banks and international financial institutions must also submit their constitutional documents and fulfil various requirements to the satisfaction of the notary public.
- Share pledge – the pledge agreement must be filed and registered with the Misr for Central Clearing, Depository and Registry (MCDR), which is the entity responsible for the central depository of shares in all Egyptian joint-stock companies (listed and unlisted). The MCDR requires that all the related parties be coded on the Egyptian Exchange (EGX) to be able to sell the shares in an enforcement scenario. This coding system on the EGX is available for foreign as well as Egyptian entities and individuals.
- Assignment of receivables – as per Egyptian law, perfecting an assignment vis-à-vis third parties and the payee master is achieved by obtaining (i) an acknowledgement from the payee master and (ii) establishing a *date certaine*. This is in practice commonly achieved by notifying the payee master of the assignment through the court bailiff, thus establishing a *date certaine*, in addition to obtaining an acknowledgement from the payee master.
- *Fonds de commerce* mortgage – foreign banks and international financial institutions are required to obtain the CBE's prior approval. Registration is perfected before the notary public and annotation is placed on the mortgagor's commercial register. Alternatively, a commercial mortgage could be executed through a pledge over movables and registered with the ECR (restricted to the entities prescribed by law as per the first point above in relation to the pledge over movables).

5.4 Restrictions on Upstream Security

Upstream security in essence is not restricted after obtaining the relevant corporate authorisations, except for the following restrictions:

- Article 99 under the Companies Law restricts founders, for a period of five years following the incorporation, as well as its board members, at any point in time, from entering into a related-party transaction, unless permitted by way of a general assembly resolution, and any contract to the contrary shall be null and void;
- as per Article 96 of the Companies Law, it is not permissible for a company to extend a loan to or guarantee any of its board members;
- related-party contracts (that do not take the company's best interest into consideration) are subject to annulment under Article 100 of the Companies Law and therefore entering into an arm's-length transaction is recommended.

5.5 Financial Assistance

The concept of financial assistance does not exist in Egypt (except within the banking sector), whereby the CBE may provide financial assistance to a licensed bank that is facing financial problems. Having said that, a newly issued amendment (Law No 11 of the year 2011) to the Bankruptcy Law No 11 of 2018 has been recently published in the Official Gazette, whereby the trader facing financial distress, at the composition stage and while arranging for the restructuring plan, can include methods and proposals for availing finance from the existing creditors or others and it further provides the mechanism by which and when that entity shall have its debts satisfied.

5.6 Other Restrictions

The applied interest rate on any loans availed between related parties must be on an arm's-length basis (ie, according to the market practice), to avoid transfer-pricing rules, as the Egypt-

tian Tax Authority (ETA) may adjust the pricing of transactions between related parties if the transaction involves elements that would not normally be included in transactions between non-related parties, and its purpose is to shift the tax burden to tax-exempt or non-taxable entities. Where this is the case, the ETA may determine the taxable profit based on the price they determine, according to the market practice.

5.7 General Principles of Enforcement

The primary methods of enforcing security in Egypt vary between asset classes and are considered in greater detail below. Under Egyptian law, enforcement procedures regulate the enforcement of security, although the Banking Law (Law No 194 of 2020) provides for simpler procedures for banks licensed by the CBE to enforce security.

It is worth noting that some factors and elements must be examined carefully, including, inter alia, related security documents, the identity of the security agent “if any”, as the below-stated enforcement procedures could vary according to the case at hand. Enforcement of collateral generally requires that the secured claims, among other requirements, are due and payable immediately.

Commercial Mortgage

In order to enforce a commercial mortgage, the pledgee must first request payment of the secured debt from the mortgagor, usually through the service of an official notice through a court bailiff. If the pledgor does not pay the secured debt within five days following that request, the pledgee may apply to the competent court for a sale order in relation to the pledged assets. Unless otherwise ordered by the court, the sale must be carried out by way of public auction.

Fonds de Commerce Mortgage

In order to enforce a *fonds de commerce* mortgage, the mortgagee must first request the payment of the secured debt from the mortgagor (as well as any other person in possession of the mortgaged asset), usually through the service of an official notice through a court bailiff. If the mortgagor does not make payment within eight days of that notification, the mortgagee may submit a petition to the summary judge requesting the sale of the mortgaged asset through public auction. The judge will specify the date and time of the public auction.

Real Estate Mortgage

In order to enforce a real estate mortgage by Egyptian banks and branches of foreign banks registered with and licensed by the CBE, a payment default with respect to the secured debt must first have remained outstanding for a period of 30 days; the mortgagee must then request the mortgagor to make payment of that secured debt within a further 60 days. The notification is usually through the service of an official notice through a court bailiff. If the mortgagor does not make the due payment, the mortgagee may request the competent judge to issue an *exequatur* (execution order) of the mortgage agreement as well as an order for seizure of the secured asset. The mortgagee must then notify the mortgagor of the *exequatur* and grant the mortgagor a period of 30 days in which to make the payment. The *exequatur* is annotated by the competent notary public. If the mortgagor fails to make the due payment, the secured asset will be sold in a public auction under the supervision of the enforcement judge.

Share Pledge

In order to enforce a share pledge, the pledgee must first request payment of the secured debt from the pledgor, usually through the service of an official notice through a court bailiff. If the pledgor does not make payment within ten days

after notification, the pledgee may enforce its rights over the shares in accordance with the Egyptian Exchange (EGX) sale and purchase rules. The aforementioned process applies only to Egyptian banks and branches of foreign banks registered with and licensed by the CBE by virtue of Article 107 of the Banking Law, whilst the process applicable to other pledgees (ie, foreign banks) differs, as enforcement must take place through a public auction and by an enforcement judge, unless that pledge was perfected in accordance with the MCDR's newly issued amendments; in such a case, the pledgee, if that was stated clearly in the agreement, would in specific cases have the right to appropriate the pledged shares.

Bank Account Pledge

In order to enforce a bank account pledge, amounts in the pledged accounts or pledged deposits may be set off against amounts owed by the pledgor to the pledgee. If the pledgee is the account bank, a set-off would be applied directly. If the account bank is different from that of the pledgee, set-off takes place by virtue of a notification from the pledgee to the account bank. The due amounts subject to a set-off must be undisputed in order for the set-off to take place.

Joint Guarantees

These are where the security agent is entitled to take recourse against the debtor and/or the guarantor.

While no governmental or other consents are required to enforce upon any category of security, in principle, enforcement must be by virtue of a court order and through the sale of the assets that are the subject of the security in a public auction. As previously elaborated, certain security may exceptionally be enforced without the need for a court order.

Under Egyptian law, the creditor may enforce over assets located in, or governed by the laws of Egypt, regardless of that creditor's nationality and domicile. However, the enforcement procedures may vary depending, inter alia, on the identity of the creditor, for example, by banks licensed by the CBE.

For Egyptian courts to enforce a foreign court judgment or foreign arbitral award, a request for enforcement of a foreign court judgment or foreign arbitral award (as applicable) must be filed before the competent Egyptian court. Egyptian courts would enforce a judgment of a foreign court without further review of the merits, provided that:

- the foreign courts offer reciprocal treatment to judgments obtained in the courts of Egypt under an effective treaty between Egypt and the foreign country which provides for such reciprocal treatment;
- the parties to the dispute were duly notified and properly represented in the proceedings;
- the courts of Egypt are not competent to hear the dispute which constituted the object of the foreign judgment, and the foreign courts are shown to have been competent to hear the dispute in accordance with the laws of that foreign country;
- the judgment is final and conclusive in accordance with the foreign law; and
- the judgment does not conflict with a prior Egyptian judgment in the same case and is not contrary to public policy in Egypt.

Egypt is a signatory to the New York Convention for the Enforcement of Arbitral Awards. Additionally, pursuant to the Egyptian Arbitration Law, international arbitration awards are enforceable in Egypt. The following documents must accompany the application for enforcement:

- the original award or a signed copy;
- a copy of the arbitral agreement;

- an Arabic translation of the award authenticated by the competent authority, if the award was not issued in Arabic;
- a copy of the minutes evidencing the deposit of the award with the competent court in the Arab Republic of Egypt; and
- a copy of the notification of the award to the party against whom the award has been made.

6. GUARANTEES

6.1 Types of Guarantees

Generally, the lenders would seek a joint corporate guarantee from i) the debtor(s) and its group (excluding the borrower), and ii) the main shareholders/sponsors (which varies on a case-by-case basis). The security agent is entitled to take recourse against the debtor and/or the guarantor as it deems fit. The guarantees are not required to be filed or registered with any governmental bodies and, accordingly, no fees would be required for doing so.

6.2 Restrictions

See **5.4 Restrictions on Upstream Security**.

6.3 Requirement for Guarantee Fees

There is an administrative fee that would be applied in the case of a guarantor providing securities that should be filed and registered with the notary public, which will vary on a case-by-case basis, subject to the particulars of the case at hand.

7. LENDER LIABILITY

7.1 Equitable Subordination Rules

Any act committed by a bankrupt other than those stated below and during the period starting from the default of payment date and before the issuance of the bankruptcy verdict, may be nullified and will not be recognised against the

creditors if the conduct is harmful to them and the offender knows at the time of the act that the bankrupt debtor has stopped paying his or her dues.

These acts are:

- the granting of donations of any kind, except for small gifts that are customarily made;
- the repayment of any debt before its maturity, whatever the manner of payment;
- debt repayment in a manner other than that agreed upon, and repayment by using a commercial paper or bank transfer shall be deemed as payment in money;
- any mortgage or other contractual collateral, as well as any real estate allocation rights over the debtor's assets to secure a pre-existing debt.

7.2 Claw-Back Risk

If the debtor files for insolvency or is subject to an insolvency claim, all transactions made by that debtor within two years preceding a court order identifying the bankruptcy status (the "suspicious period") could be challenged by any third party that has the capacity and interest to challenge those transactions, or by the company's insolvency administrator.

If it has been proven before the competent court that a payment made by the debtor or a transaction decreasing the debtor's net worth has been made during the suspicious period, the court may order the clawing-back of any such payment or terminating the transaction with retroactive effect.

8. TAX ISSUES

8.1 Stamp Taxes

Pursuant to the Egyptian Stamp Duty Law No 111 of 1980, the stamp duty rate over loans is 40

basis points levied annually on the highest debt balance under the facility/loan provided by the lenders during the financial year. The burden of stamp duty is split equally between the lender and the borrower and is payable in quarterly instalments by the lender. The burden of that duty may not be shifted by contract.

Pursuant to the principle of territoriality, stamp duty is not applicable to a facility/loan provided by foreign lenders that are not registered in Egypt. Additionally, income tax is withheld at a rate of 20%, in principle; see **8.2 Withholding Tax/Qualifying Lender Concepts**.

8.2 Withholding Tax/Qualifying Lender Concepts

Withholding tax at a rate of 20% is applicable to interest payments made by Egyptian entities or non-resident entities which have a permanent establishment in Egypt to non-resident lenders, to the extent that the tenor of the loan or credit facility is less than three years, and subject to (i) any double-taxation treaty providing a lower withholding tax rate or an exemption from tax, and (ii) a thin-capitalisation rule of 4:1. Accordingly, interest payments to any foreign lender in relation to a loan/facility with a minimum tenor of three years are exempted from withholding tax, subject to a thin-capitalisation rule of 4:1.

8.3 Thin-Capitalisation Rules

An Egyptian company would be allowed the deduction of debit interest paid on loans/facilities, if the loans/facilities granted to the Company are within a fourth of the average equity (calculated according to the financial statements prepared pursuant to Egyptian accounting standards). The Thin-Capitalisation rule, as provided by the Egyptian Income Tax Law, states that the debt-to-equity ratio is 4:1. The debt would include loans/facilities, bonds and any form of financing by debts, with fixed/variable interest.

With respect to the debit interest, it includes all amounts paid by a taxpayer in return for the loans/facilities and securities, including bonds.

9. TAKEOVER FINANCE

9.1 Regulated Targets

Generally, acquisition is permitted in Egypt without the requirement of obtaining governmental approvals in advance, with certain exceptions applied on target companies performing activities in specific sectors. Acquiring banks, depending on the equity stake in the target company (10% or more) would be required to obtain the CBE's prior approval, while acquiring an equity stake in a telecommunication company would require the pre-approval of the National Telecommunication Regulatory Authority (NTRA) to be obtained. The same requirements apply to acquiring an equity stake in healthcare-providers and education-providers companies, which requires the pre-approval of the Ministry of Health and Ministry of Education, respectively, to be obtained.

Additionally, companies operating in the Sinai Peninsula require a minimum Egyptian shareholder stake of 55%, and a maximum foreign stake of 45%. In the case that a company is operating in the Sinai Peninsula and owns any real estate properties therein, they must be 100%-owned by Egyptians. In both cases, the prior approval of various Egyptian authorities would be required to approve an acquisition of an equity stake of those companies.

Furthermore, acquiring an equity stake (10% or more) in a company falling under the supervision of the FRA would require the pre-approval of the latter.

9.2 Listed Targets

Acquiring an equity stake of certain percentages in (i) a listed company, or (ii) any company of which shares have been offered for public subscription in the market or through a public offering in the trading market, even if they are not listed on the stock exchange, would require the submission of a mandatory tender offer which must be approved in advance by the FRA.

10. JURISDICTION - SPECIFIC FEATURES

10.1 Other Acquisition Finance Issues

Any transfer of shares must be executed through a broker licensed in the EGX, and all the related parties (seller and buyer) are coded in the EGX.

The sale price must be paid in cash through the brokers or escrow arrangement unless the transaction involves a swap of shares or in other specific cases.

If the transaction value exceeds EGP20 million, certain internal approvals at the EGX would be required prior to execution, specifically, the approval of the pricing committee.

A new legislation has been issued, pursuant to which all the joint-stock companies shares must be dematerialised, deposited, and registered with the MCDR. This legislation provides for certain grace periods to allow companies to comply with this new requirement.

Any proposed transaction that meets the applicable threshold (as stated below) must notify the Egyptian Competition Authority (ECA) within 30 calendar days from their acquisition of assets, property rights, usufructs, shares, establishment of federations, mergers, mergers and acquisitions, or combining the management of two or

more persons. This is a post-completion notification requirement.

Notification to the ECA is required if:

- the value of the relevant parties' collective annual turnover in Egypt in the latest financial statement exceeds EGP100 million; or
- the transaction creates or enhances a share of supply or purchases of goods or services of any description exceeding 25% in the market concerned that has an effect on prices or the volume of supply in them without the buyer's competitors having the power to limit this; or
- the buyer is not an entity licensed by the CBE. If so, the identity of the buyer will have a great effect on whether the ECA will be competent in the post-notification scenario.

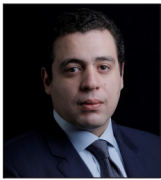
It should be noted that there is currently a bill of law to add provisions to the existing Competition Law in Egypt that would require the prior approval of the ECA on any proposed transaction which meets the threshold. However, this amendment has not yet been approved by the Egyptian Parliament. Accordingly, the wording, extent and applicability of such amendment cannot be anticipated unless and until it has been formally issued.

Note also that the CBE Law clearly excluded the application of the Competition Law on any entity licensed by the CBE and imposed a restriction on those entities not to perform any monopolistic practices or any act which may harm competition. Accordingly, only in the event that the buyer is an entity licensed by the CBE will the antitrust/merger notification requirements from the ECA not be applied, as the CBE will be the entity competent to determine all aspects of the transaction, including aspects related to the antitrust and monopolistic practices.

Matouk Bassiouny is a leading, full-service MENA region law firm with offices in Egypt (Matouk Bassiouny & Hennawy), United Arab Emirates (Matouk Bassiouny), Sudan (Matouk Bassiouny in association with AIH Law Firm), and Algeria (Matouk Bassiouny in association with SH-Avocats), as well as a country desk covering the firm's Libya practice. The firm's attorneys specialise in advising multinationals, corporations, financial institutions and governmental entities on all legal aspects of investing and doing business in the MENA region. The

firm's finance and projects group's primary goal is to provide clients with legal advice on the banking and finance sector in Egypt, as well as the strengths and weaknesses of security available to lenders in the Egyptian market. Headed by Mahmoud Bassiouny, the group maintains close relationships with Egyptian financial institutions, which enables them to have first-hand knowledge of what constitutes commercially acceptable solutions for major institutions involved in large-scale deals.

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