

# EGYPT



## Law and Practice

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tor entities, including governments, NGOs, and leading multinational companies operating in various sectors. Its dedicated team provides exceptional legal services, maintaining close relationships with leading law firms worldwide to deliver innovative and pragmatic solutions to complex legal issues. With over 500 multinational clients represented, its lawyers have built strong relationships with decision-makers in both the public and private sectors, ensuring effective representation and protection of its clients' interests.

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# EGYPT LAW AND PRACTICE

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## 1. Trends

### 1.1 M&A Market

Over the past 12 months, Egypt's M&A activity saw a 21% increase in its deal volume, with 46 transactions completed in the first half of 2024 compared to 38 during the same period in 2023, as reported by PwC in late 2024.

### 1.2 Key Trends

The top trends in Egypt in the past 12 months include deals in the financial technology, non-banking financial services, healthcare and energy sectors.

### 1.3 Key Industries

In the past 12 months, industries such as financial services, particularly non-banking financial services, tourism, real estate, infrastructure and healthcare have been the most active. Other key industries such as energy and power have been a significant source of inbound investment in Egypt, with current investments under way in renewable energy and green bonds.

## 2. Overview of Regulatory Field

### 2.1 Acquiring a Company

Under Egyptian law, the process of any transaction is determined by the form of the company. In that regard, an acquisition may involve a transfer of quotas in limited liability companies (LLCs) or shares in joint stock companies (JSCs).

Acquiring quotas in an LLC requires a transfer agreement between the parties and its notarisation by a notary public, and the annotation of such transfer in the company's corporate documents. On the other hand, a transfer of shares in a JSC involves the Egyptian Stock Exchange (EGX) and the Financial Regulatory Author-

ity (FRA) for the execution of the share transfer pursuant to the relevant laws. However, the acquisition of listed shares is either undertaken by way of a tender offer or through open-market transactions.

An acquisition of a private business can be undertaken in two different ways:

- spin-off (eg, horizontal spin-off) or split-off (eg, vertical split-off) to acquire the target business; or
- assignment of the contracts that relate to the business by way of subrogation.

In respect of an acquisition of assets, the structure is determined based on several elements, including the type and location of the assets and the legal system governing the company owning the assets.

There are also several elements that must be taken into consideration in structuring any acquisition and disposal transactions in Egypt, such as:

- the legal systems governing the target company, business or asset (if any);
- the country from which the target company, business or asset will be acquired;
- the location of the target company, business or asset; and
- whether the target shares in the JSC are centrally registered with the Misr for Central Clearing, Depository and Registry (MCDR).

### 2.2 Primary Regulators

The primary regulators for M&A activity in Egypt are as follows:

- the General Authority for Investment and Free Zones (GAFI);

- the FRA;
- the MCDR;
- the EGX; and
- the Egyptian Competition Authority (ECA).

## 2.3 Restrictions on Foreign Investments

Generally, foreign investments are subject to screening in Egypt based on specific criteria, including the investor's nationality and the company's activities, as the activities that can be carried out by non-Egyptian investors, as well as the investor's nationality, may be restricted by relevant Egyptian laws and certain conditions may be required to be met.

Therefore, screening must be performed to ensure satisfaction of these conditions and requirements. Foreign ownership restrictions are applicable in several sectors and locations such as:

- importation activities for resale or trading purposes. These restrictions were recently relaxed, allowing majority foreign ownership for a period of ten years subject to renewal based on certain conditions;
- ownership of agricultural lands;
- commercial agencies or intermediary businesses; and
- carrying out business in the Sinai Peninsula.

Furthermore, in certain circumstances, the regulatory authorities may require foreign investors to fulfil certain conditions, such as:

- a minimum capital for obtaining certain approvals and licences;
- the creation of a minimum number of jobs for Egyptian nationals; and
- the use of a minimum percentage of local resources in their products.

## 2.4 Antitrust Regulations

The Egyptian Antitrust Law No 3 of 2005 as amended in 2022 (the "*Antitrust Law*") requires the pre-approval of the ECA for any transaction that constitutes an "*economic concentration*" and meets the relevant criteria with respect to financial thresholds. Under the new amendments, an economic concentration is defined as any change of control or material influence as a result of a merger or acquisition or the establishment of a joint venture.

The pre-closing clearance regime for the aforementioned transactions was newly introduced in 2024 and became effective as of 1 June 2024, replacing the post-notification regime.

Furthermore, the notification and pre-approval of the FRA is required for any potential transaction that constitutes an "*economic concentration*" and fulfils the financial thresholds, if the persons concerned with the economic concentration exercise one of the activities under the FRA's supervision, namely securities and capital markets activities, insurance, reinsurance or insurance brokerage activities, mortgage finance activities, financial leasing activities, securitisation and factoring activities, or microfinance activities. The FRA and ECA co-operate before clearing an economic concentration, in accordance with certain prescribed timelines under the law.

## 2.5 Labour Law Regulations

The Egyptian Labour Law No 12 of 2003 (the "*Labour Law*") sets out the general legal rules governing the employment relationship.

Any condition or agreement that violates the provisions of the Labour Law and/or derogates from the employee's rights and entitlements shall be considered invalid. However, in the event that a

rule and/or stipulation originating from either the employment contract, employment practice, or any other employer resolution or internal work regulation, grants the employee better rights and/or benefits not provided by the provisions of the Labour Law, said rule and/or stipulation shall remain valid.

The Egyptian Income Tax Law No 91 of 2005 provides that the monthly gross salaries of employees shall be subject to taxes, to be deducted from each employee's monthly gross salary, based on the relevant tax bracket of each employee's annual salary.

In accordance with the Egyptian Social Insurance and Pensions Law No 148 of 2019, all Egyptian entities are required to register with the Social Insurance Authority and insure their employees.

## 2.6 National Security Review

GAFI requires any foreign shareholder to submit an application for and obtain a security clearance, although in practice GAFI usually approves changes in shareholding structures and the incorporation of companies before the outcome of such security clearance procedure, with the exception of certain nationalities, such as China, Russia, Ukraine, Nigeria, Israel, Iran, Belarus, Bangladesh, Iraq and Palestine, as such restricted nationalities require an advance security clearance. However, GAFI has recently started to relax the condition of obtaining security clearance prior to certifying general assembly minutes approving new shareholders on a case-by-case basis.

A security clearance must be obtained for any foreigner to work or do business in Egypt. Furthermore, according to Law No 305 of 2015 on work permit procedures and requirements for

foreigners, work permits must also be obtained for any foreign employees to be employed by the relevant company.

A national security review is also required in order to acquire businesses operating in certain sectors, such as hospitals and pharmaceutical manufacturing companies.

## 3. Recent Legal Developments

### 3.1 Significant Court Decisions or Legal Developments

The most significant recent legal developments in Egypt include the following:

- The amendment of the Antitrust Law in December 2022 to replace the post-notification regime for a transaction with a pre-merger control system, whereby the ECA is given the authority to review and approve proposed mergers and acquisitions prior to entering into the transaction, and issuance of the Executive Regulations thereof in 2024 and effectiveness of the new merger control regime as of 1 June 2024.
- The FRA issued Decree No 286 of 2023 regarding the rules and procedures for the establishment and licensing of emerging financial technology companies to engage in non-banking financing activities including, inter alia, real estate financing, consumer financing and factoring.
- By virtue of Law No 173 of 2023, the foreign ownership restriction on importation has been lifted, permitting limited liability companies 51% of the quotas of which are owned by non-Egyptian partners to register in the Importers' Registry, provided that the total duration of registration does not exceed ten

years from the date of entry into force of said law.

- The FRA issued Decree No 57 of 2024, which establishes the rules for regulating the operation of Robo-Advisors for Investment, whereby a Robo-Advisor is an electronic system that provides financial advice to clients for the purpose of creating, managing and rebalancing an investment portfolio using AI algorithms.
- The FRA issued Decrees No 140 and No 148 of 2024 establishing special purpose acquisition companies (SPACs) in Egypt and recently approved the first application for a SPAC.

### 3.2 Significant Changes to Takeover Law

In light of the amendment of the Antitrust Law as highlighted in **3.1 Significant Court Decisions or Legal Developments**, which introduced a pre-notification regime, in April 2024, the Egyptian Prime Minister issued Decree No 1120 of 2024, enacting the Executive Regulations of the Antitrust Law and thereby implementing the new amendments.

The new pre-merger control system, as highlighted in **2.4 Antitrust Regulations**, went into effect as of 1 June 2024 and requires pre-approval from the ECA with respect to any transaction (eg, merger, acquisition, joint venture) that constitutes an “*economic concentration*” and meets the thresholds set out under the Antitrust Law, by means of a notification file with certain required documents attached. An economic concentration is defined as any change of control or material influence as a result of a merger or acquisition or the establishment of a joint venture.

## 4. Stakebuilding

### 4.1 Principal Stakebuilding Strategies

In Egypt, stakebuilding is not explicitly regulated in Egypt. However, it is worth noting that a bidder may acquire less than 5% of the shares of the target company without triggering requirements to make the bid public, as highlighted below. However, if the bidder seeks to acquire 5% or more of the share capital of the target company, the bidder must notify the FRA and EGX and launch the tender offer as further highlighted below with respect to the disclosure requirements.

### 4.2 Material Shareholding Disclosure Threshold

In addition to the disclosure requirements described below, shareholders of a company that, directly or indirectly, own 10% or more of the total share capital of a company whose shares are listed on the EGX are under certain disclosure obligations, including, inter alia, in the following cases:

- any decrease or increase by 5% or multiples thereof of its ownership of the listed securities representing the company’s capital or voting rights; and
- future investment plans and intended policies regarding the management of the company if the amount acquired reaches 25% or more of the company’s capital or voting rights.

In all cases, said shareholders are under obligation to notify the EGX periodically at the beginning of January and July regarding their direct and indirect ownership of the company.

### 4.3 Hurdles to Stakebuilding

Generally, a company may introduce different rules in its articles of incorporation or by-laws,

such as special rights granted to specific shareholders, different voting rights, or the right to veto decisions in the company. However, in all cases, such rules may not contradict the relevant laws in Egypt.

## 4.4 Dealings in Derivatives

Generally, derivatives are not explicitly regulated under Egyptian law. However, Egyptian Capital Markets Law No 95 of 1992 (the “*Capital Markets Law*”) provides the regulatory framework for the use and trading of financial instruments, which encompasses derivatives, including options, futures and other derivative contracts. However, in all cases, the FRA’s approval is required for trading in any financial instrument. Accordingly, dealings in derivatives are subject to the control and oversight of the FRA and EGX.

It is worth noting that in recent years, the FRA has taken steps towards launching a derivatives market in Egypt. In December 2024, Dr Islam Azzam, the vice chairman of the FRA, announced that the FRA is expediting the establishment of the derivatives market in collaboration with the EGX, to mitigate the impact of price fluctuations, enabling businesses of all sizes to hedge against currency and interest rate risks, and to effectively manage the risks associated with a diverse range of investment instruments.

## 4.5 Filing/Reporting Obligations

Derivatives are subject to the control and oversight of the FRA, EGX and ECA. As highlighted above, economic concentrations meeting the stipulated thresholds under the Antitrust Law must obtain the pre-approval of the ECA and/or FRA (as the case may be).

## 4.6 Transparency

In a public tender offer, the file submitted by the bidder to the FRA for the potential offer must

contain specific documents and information, including, inter alia, a memorandum containing certain information such as, inter alia, the objectives/purpose of the bidder with respect to the tender offer and the main aspect of the bidder’s plans for the target company for the 12 months following the successful completion of the transaction. The bidder is required to provide its plans and intentions with respect to, inter alia, any potential restructuring of the target company, any strategies for expansion on a global scale and any sale of shares, and its intentions towards the workers of the target company.

In the acquisition of private companies, on the other hand, the shareholder is not required to disclose its purpose or intention for the transaction. However, there may be such an obligation depending on the parties’ agreement prior to the execution of the transaction.

## 5. Negotiation Phase

### 5.1 Requirement to Disclose a Deal

In a public tender offer for shares that are publicly listed, the target company or the shareholders of the target company are under obligation to disclose the tender offer as follows:

- (a) Disclosure by the target company: The target company shall disclose to the FRA and EGX the potential tender offer immediately upon (i) notification by the bidder of its intention to make a purchase offer, (ii) signing a memorandum of understanding, a letter of intent, an agreement to conduct an examination thereof, or any other binding or non-binding agreements or similar documents, or serious negotiations regarding a potential purchase offer, or (iii) a tangible impact on trading or the price of the shares of the target

company as a result of the spread of speculation over a potential purchase offer.

- (b) Disclosure by the shareholders of the target company: Upon being notified by the bidder of its intention to submit the purchase offer, the shareholders of the target company owning more than one-third of the target company's share capital shall immediately disclose to the FRA in any of the cases under (a) above, if there is an agreement between the shareholders and the bidder of which the target company was not notified.

On the other hand, the law does not require any public announcement with respect to shares that are not publicly listed. However, public announcement of a transaction may be required in cases such as, inter alia, the ECA's announcement of an economic concentration to allow third parties to submit their views on the said transaction.

## 5.2 Market Practice on Timing

The failure to abide by the legally stipulated time limits of the disclosure or reporting requirements of tender offers may lead to the invalidity of the tender offer. Therefore, the disclosure obligations must be fulfilled within the legally prescribed timeline.

## 5.3 Scope of Due Diligence

As a general rule under the Civil Code, the seller is not answerable for any defects of which the purchaser was aware at the time of the sale or any defects that could have been discovered by the purchaser by examining the subject of the sale with the care of a reasonable person, unless the purchaser proves that the seller affirmed the absence of those defects.

There is no typical scope of due diligence in Egypt as it depends on the level that the buyer

is willing to conduct. However, conducting full due diligence is usually recommended in order to be in line with the general rule outlined above, including financial and legal due diligence. Buyers can rely on due diligence reports produced by the sellers if the sellers conduct the due diligence with the care of a reasonable person.

## 5.4 Standstills or Exclusivity

Generally, the use of standstills and exclusivity agreements in Egypt is not explicitly regulated. However, such agreements may be used to provide a certain level of assurance for the parties involved. However, it is worth noting that in all cases such agreements must be in compliance with the applicable laws in Egypt, the relevant disclosure and transparency obligations under Egyptian laws and the company's constitutional documents, which may restrict such actions.

## 5.5 Definitive Agreements

As a general rule, a contract is created, subject to any special formalities that may be required by law for its conclusion, from the moment that two persons have exchanged two concordant intentions. Note that an intention may be declared verbally, in writing, by signs in general use, and also by such conduct as, in the circumstances of the case, leaves no doubt as to its true meaning. A declaration of intention may be implied when neither the law nor the parties require it to be expressed.

Generally, pursuant to the Civil Code, the contract is the law of the contracting parties, and it may not be revoked or modified except by agreement of the two parties, or for reasons determined by law.

In all cases, the definitive agreement must comply with Egyptian laws.

## 6. Structuring

### 6.1 Length of Process for Acquisition/Sale

The timing of the process of acquiring or selling a business primarily depends on the mode of its execution and the parties' agreement, without prejudice to any legally required timeline. In the acquisition of private companies, the process for the transfer of shares usually takes up to five days from the receipt by the broker of the share transfer documents.

However, in a public tender offer, the duration of the offer is typically within 30 days, including the period of review and approval of the FRA of the application made by the bidder and the launch of the tender offer by publication on the screens of the EGX.

The review process by the ECA and/or FRA (as the case may be) for clearing notifiable economic concentrations should also be taken into consideration, which may take up to 60 days as of the date of submitting the notification file to the relevant authority.

### 6.2 Mandatory Offer Threshold

Under Egyptian law, with respect to companies subject to oversight by the FRA, a mandatory tender offer obligation is triggered when a person, whether directly or through its related parties:

- acquires one-third or more of the share capital or voting rights of the target company;
- holds more than one-third but not more than half of the share capital or voting rights of the target company, and within 12 consecutive months, its ownership exceeds 5% above its existing stake;

- exceeds half of the share capital or the voting rights of the target company at any given time;
- holds more than half but not more than two-thirds of the share capital or voting rights of the target company, and within 12 consecutive months, its ownership exceeds 5% above its existing stake;
- holds more than two-thirds but not more than three-quarters of the share capital or voting rights of the target company, and within 12 consecutive months, its ownership exceeds 5% above its existing stake; or
- exceeds three-quarters of the share capital or voting rights of the target company at any given time.

#### Exceptions

The FRA may exempt the following cases from the obligation to submit a mandatory tender offer, provided that the FRA is notified and does not object within 15 days from the date of notification:

- assignment of shares between parents and children;
- cases of inheritance, will and gift;
- transfer of ownership of securities pledged to Egyptian and foreign banks and financial institutions in settlement of their dues;
- if the acquisition is made by one of the financial institutions licensed to guarantee subscription operations in implementation of its obligation to guarantee subscription coverage;
- in the event that all shareholders of the company approve the sale;
- cases of transfer of ownership of all shares owned by the union of workers who are shareholders in subsidiaries of state-owned holding companies to restructure these com-

panies and pump additional investments into them;

- implementation of mergers;
- restructuring of capital between related persons and/or a group of related companies;
- cases of purchasing treasury shares or reducing capital by cancelling treasury shares or distributing treasury shares as free shares;
- cases of increasing the capital of the company targeted by the offer, provided that this does not result from purchasing subscription rights in the capital increase;
- cases that result in a shareholder owning shares or controlling voting rights in one of the companies subject to the provisions of the Capital Markets Law, when this is done without their desire or will; and
- cases that result in a person, alone or with their related persons, owning part or all of the shares or voting rights owned by a major shareholder, alone or with their related persons, according to the economic considerations or necessities approved by the Council of Ministers, with a maximum of 50% of the shares or voting rights in the company.

### 6.3 Consideration

Cash consideration is most commonly used as the form of consideration in Egypt. However, a consideration may be cash, a share swap, or a combination of cash and share swap. In practice, if the acquisition is carried out by way of open-market transactions, the consideration must be cash. Furthermore, in the case of a mandatory tender offer, the shareholders of the target company must be able to choose cash instead of shares as consideration.

### 6.4 Common Conditions for a Takeover Offer

#### Voluntary Tender Offers

In a voluntary tender offer, a bidder is free to make a tender offer to acquire the target company's share capital and voting rights, as long as such share capital or voting rights do not exceed more than one-third of the capital or voting rights of the target company, or do not result in reaching a percentage that requires a mandatory tender offer.

In the event that the number of shares offered exceeds the voluntary tender offer threshold, the shares must be purchased from all shareholders that responded to the offer in proportion to what is offered by each of them to the total shares required to be purchased, taking into account rounding up fractions in favour of minority shareholders.

#### Mandatory Tender Offers

As highlighted in **6.2 Mandatory Offer Threshold**, a mandatory tender offer obligation is fulfilled when a person, whether directly or through its related parties:

- acquires one-third or more of the share capital or voting rights of the target company;
- holds more than one-third but not more than half of the share capital or the voting rights of the target company, and within 12 consecutive months, its ownership exceeds 5% above its existing stake;
- exceeds half of the share capital or voting rights of the target company at any given time;
- holds more than half but not more than two-thirds of the share capital or voting rights of the target company, and within 12 consecutive months, its ownership exceeds 5% above its existing stake;

- holds more than two-thirds but not more than three-quarters of the share capital or voting rights of the target company, and within 12 consecutive months, its ownership exceeds 5% above its existing stake; or
- exceeds three-quarters of the share capital or voting rights of the target company at any given time.

Furthermore, if the bidder seeks to continue listing the target company on the EGX, the bidder is required to submit a mandatory tender offer for 100% of the ordinary shares of the target company, subtracting 10% for the minimum free float shares required to remain listed on the EGX. However, if the bidder seeks to delist the target company from the EGX, the mandatory tender offer must cover 100% of the ordinary shares.

## 6.5 Minimum Acceptance Conditions

Generally, the minimum acceptance threshold for a public tender offer is set to ensure that the bidder can secure control over the target company while also protecting the interests of minority shareholders. In that regard, the law does not provide a specific fixed percentage for the minimum acceptance condition for tender offers. However, the threshold is typically set at 51% of the target company's shares as the minimum acceptance required, unless specified otherwise in the offer terms. Generally, the determination of the minimum acceptance threshold is left for the bidder to decide.

## 6.6 Requirement to Obtain Financing

In a public tender offer, the bidder must submit certain documents and information to the FRA and EGX, including, inter alia, a letter from an Egyptian bank confirming the availability of the bidder's funds for the offer, and a memorandum which must contain, inter alia, information regarding the financing of the purchase offer.

## 6.7 Types of Deal Security Measures

Under Egyptian law, a bidder may seek certain deal security measures to protect its interests during the tender offer process. These measures may include conditions precedent in the tender offer, such as conditions relating to the achievement of necessary regulatory approvals, including, inter alia, that of the ECA, FRA or EGX.

## 6.8 Additional Governance Rights

The bidder may seek veto rights with respect to reserved matters as to be stipulated under the target company's constitutional documents or convertible securities. Furthermore, the bidder may seek representation on the board of directors of the company pursuant to the articles of association of the company. The constitutional documents may also include the right of first refusal with respect to disposal of shares in the target.

## 6.9 Voting by Proxy

Under Egyptian law, shareholders are generally allowed to vote by proxy during any general meetings of the company pursuant to the Companies Law, provided that such proxy is appointed by way of a formal written document or a power of attorney signed by the shareholder.

However, it is worth noting that the shareholder may only appoint one proxy to represent them at the meeting. Furthermore, proxies may generally only exercise voting rights that are specifically granted to them by the shareholder as specifically instructed in the written authorisation.

## 6.10 Squeeze-Out Mechanisms

Egyptian law does not provide for a squeeze-out mechanism to majority shareholders; however, the Capital Markets Law allows for minority shareholders owning 3% of the target company's share capital or voting rights, or minority

shareholders representing a minimum of 100 shareholders representing no less than 2% of the free float shares, to request the FRA, within 12 months following the majority shareholder's acquisition of shares in the target company, to oblige the majority shareholders to submit a mandatory tender offer for the minority shares.

## 6.11 Irrevocable Commitments

Under Egyptian law, obtaining irrevocable commitments to tender or vote from principal shareholders of the target company during a public offer or acquisition is not explicitly regulated. However, such commitments may be secured in practice so long as this is within the framework of Egyptian laws.

## 7. Disclosure

### 7.1 Making a Bid Public

Before a bid is made public, the bidder may approach the target company to engage in negotiations, or to notify the target company of its intention to announce a public tender offer, or the bidder and the target company may sign a memorandum of understanding. Accordingly, the target company must immediately inform the FRA and EGX of the bidder's intention to make the potential offer. Furthermore, the bidder is obligated to submit the necessary filing application with the FRA to launch the tender offer.

Upon accepting the application from the bidder, the FRA must notify the EGX of the main terms contained in the application and the information memorandum. Upon such notification, the EGX shall post it on its screens. Accordingly, the bid is made public once posted on the screens of the EGX.

### 7.2 Type of Disclosure Required Disclosure to the FRA and EGX

In a public tender offer, the persons concerned with the potential tender offer are under obligation to disclose the offer as follows:

- (a) Disclosures by the bidder: The bidder shall immediately disclose to the FRA and EGX the potential tender offer on the occurrence of any of the following: (i) the bidder announces its intention to the target company, (ii) the fulfilment of the conditions of a mandatory tender offer, (iii) submitting requests for approval from the competent authorities, and (iv) the spread of any rumours, speculation or unusual movement in the market indicating a potential offer.
- (b) Disclosures by the target company: The target company shall disclose to the FRA and EGX the potential tender offer immediately upon (i) notification by the bidder of its intention to make the purchase offer, (ii) signing a memorandum of understanding, a letter of intent, an agreement to conduct an examination thereof, or any other binding or non-binding agreements or similar documents, or serious negotiations regarding a potential purchase offer, and (iii) a tangible impact on trading or the price of the shares of the target company as a result of the spread of speculation over a potential purchase offer.
- (c) Disclosure by the shareholders of the target company: Upon being notified by the bidder of its intention to submit the purchase offer, the shareholders of the target company owning more than one-third of the target company's share capital shall immediately disclose to the FRA in the occurrence of any of the cases under (b) above, if there is an agreement between the shareholders and the bidder of which the target company was not notified.

## Disclosure to the ECA

Any potential transaction must be disclosed/notified to the ECA in all cases for its pre-approval before implementation of any such transaction as highlighted above with respect to the ECA's pre-approval of any transaction that constitutes an economic concentration as defined above and fulfils the notification thresholds pursuant to the Antitrust Law, as further highlighted above.

## 7.3 Producing Financial Statements

In a public tender offer, the file submitted by the bidder to the FRA and EGX for the potential offer does not explicitly require financial statements to be produced. However, the file submitted must contain specific documents and information, including, inter alia, a summary of the financial statements of the bidder for the last three years, or from the date of establishment, whichever is less, unless the purchase offer is a cash offer. In all cases, the FRA provides the form required to be submitted by the bidder, which specifies all required data therein.

It is also worth noting that if a transaction is deemed an economic concentration notifiable to the ECA, the notification form to be submitted to the ECA requires, inter alia, financial statements of the parties that the economic concentration concerns and their related parties.

## 7.4 Transaction Documents

In a public tender offer, the file submitted by the bidder to the FRA and EGX for the potential offer does not explicitly require transaction documents in full. However, the file submitted must contain specific documents and information, including, inter alia, a memorandum which requires, inter alia, information on agreements or understandings relating to the purchase offer to which the bidder is a party or of which it is

aware, and descriptions of the parties to such agreements or understandings.

It is also worth noting that if a transaction is deemed an economic concentration notifiable to the ECA, the notification form to be submitted to the ECA requires, inter alia, a copy of all transaction documents.

## 8. Duties of Directors

### 8.1 Principal Directors' Duties

There are two main categories of private company in Egypt: partnerships and corporations. There are two types of partnerships: (i) general partnership (GP) and (ii) limited partnership (LP). However, corporations are classified into the following four types: (i) JSC, (ii) LLC, (iii) one-person company (OPC) and (iv) Partnership Limited by Shares.

This being said, the two most common types of company provided under the Companies Law are (i) the JSC, the capital of which is divided into shares owned by its shareholders, and which is managed by at least three board members, and (ii) the LLC, the capital of which is divided into quotas owned by quota-holders, and which is managed by at least one manager. It is worth noting that the articles of incorporation of a JSC may provide for minimum representation of the shareholders on the board of directors.

It is worth noting that Egyptian law does not recognise the concept of the stakeholders in the companies in Egypt. In this regard, the members of the board of directors/managers have all the powers related to the management of the company and undertake all necessary actions to achieve its purpose, except for those actions

or transactions specifically excluded by law or the company's by-laws that fall within the jurisdiction of the general assembly which is represented by the shareholders or quota-holders of the company, as the case may be.

This being said, the board of directors or managers of the company answer to the general assembly of the company, given that the general assembly has the authority to oppose any management actions, to approve any actions taken by the board of directors or managers, or to issue recommendations concerning the actions that fall within their jurisdiction. Furthermore, the board of directors is required to prepare a report on the company's activity throughout the year, to be referred to and approved by the general assembly.

Furthermore, every shareholder has the right to attend the general assembly meetings, having the right to discuss the matters on the agenda and to cross-question the board of directors, accordingly, noting that the shareholders may present whatever questions before the general assembly convenes by at least three days, and the board of directors should respond to these enquiries and cross-questions to the extent that would be prejudicial to the company's interests.

## 8.2 Special or Ad Hoc Committees

The board of directors may form one or more independent committees that consist of the board's non-executive and independent members, such that each committee is assigned with specific tasks for a period of time. The competent regulator in Egypt has issued circular book No 21 of 2019 regulating the formation of board committees, whereby each committee must consist of at least three members. Committees may be merged depending on the nature of the company's activity and its needs. The board

committees shall refer their reports to the board of directors for the board of directors to take the necessary resolutions.

It is worth noting that the Companies Law requires that every board member/manager who has a conflict of interest with the company must inform the board of it and record the same in the relevant minutes of the board meeting. In such a case, the conflicted board member is not permitted to participate in the vote regarding any decision relating to this matter. Furthermore, the board of directors must inform the general assembly of the aforementioned matter before it votes on such decisions.

## 8.3 Business Judgement Rule

Generally, there is no business judgement rule that is explicitly regulated in Egypt; however, the Companies Law provides that the managers and the chair of the board of directors shall represent the company before courts.

This being said, the general assembly representing the shareholders of the company has the authority to oppose any management actions taken by the board of directors, or to approve any of the board's actions, or to issue recommendations concerning the board's actions.

In this regard, it is worth noting that as per the Companies Law, any resolution issued for the benefit or to the detriment of a specific shareholder or to benefit a board member or others without taking the company's interest into consideration may be annulled. Note that the annulment may be requested only by the shareholders that had objected to the resolution in the meetings' minutes or that were absent for a plausible reason, and in this case, the annulment shall be effective for all shareholders.

Furthermore, the shareholders/quota-holders represented by the general assembly shall have the right to dismiss the board members and sue them for responsibility upon the approval of the shareholders/quota-holders owning at least half of the capital of the company.

## 8.4 Independent Outside Advice

In Egypt, directors mainly seek legal, tax and financial advice for the purpose of mitigating any risks that may be associated with their actions while pursuing the management of the company, as well as ensuring compliance with the law regarding the aforementioned.

## 8.5 Conflicts of Interest

The Companies Law requires that every board member or manager who has a conflict of interest with the company shall inform the board of it and record the same in the relevant minutes of the board meeting. In such a case, the conflicted board member shall not be permitted to participate in the vote regarding any decision relating to this matter. Furthermore, the board of directors must inform the general assembly of the aforementioned matter before it votes on such decisions.

# 9. Defensive Measures

## 9.1 Hostile Tender Offers

The Capital Markets Law in Egypt differentiates between voluntary and mandatory/hostile tender offers based on the threshold of the shares subject to the transaction. In this regard, the Capital Markets Law provides for cases whereby a mandatory/hostile tender offer is obligatory, as follows:

- the direct or indirect acquisition of more than one-third of the capital or voting rights but less than half of the capital or voting rights;
- the direct or indirect acquisition of more than half of the capital or voting rights but less than two-thirds of the capital or voting rights;
- the direct or indirect acquisition of more than two-thirds of the capital or voting rights but less than three-quarters of the capital or voting rights,

if within 12 consecutive months the acquirer increases its ownership percentage in the target company by more than 5% of the capital or voting rights. However, the obligation to submit a mandatory purchase offer applies if its ownership percentage at any time reaches one-third, half or two-thirds of the capital or voting rights.

## 9.2 Directors' Use of Defensive Measures

The Capital Markets Law and its Executive Regulations prohibit defensive measures generally, as in accordance with the Executive Regulations of the Capital Markets Law, as of the date of the FRA's approval of the initial tender offer and until its result, the board of directors of the target company and its managers are prohibited from any action or conduct that would constitute a material adverse event, which includes the following:

- increasing the capital or issuing convertible bonds if such increase or issuance would make the acquisition burdensome or impossible, unless the decision to do so was made at least 30 days prior to the date of publication of the FRA's initial approval of the tender offer; or
- engaging in actions or transactions that would materially affect the company's assets, increase its financial obligations, or hinder the

future development of its activities, unless these actions or transactions were carried out in the ordinary course of business prior to the FRA's initial approval of the tender offer.

However, in general, pursuant to the Companies Law, the company's articles of association may require obtaining the board of directors' approval for the transfer of shares.

### 9.3 Common Defensive Measures

Generally, defensive measures are prohibited. However, the company's articles of association may require the board of directors' approval for the transfer of shares. See **9.2 Directors' Use of Defensive Measures**.

### 9.4 Directors' Duties

Generally, defensive measures are prohibited. However, the company's articles of association may require the board of directors' approval for the transfer of shares. See **9.2 Directors' Use of Defensive Measures**.

### 9.5 Directors' Ability to "Just Say No"

In accordance with the Companies Law, the company's articles of association may require the approval of the board of directors prior to the sale of shares.

## 10. Litigation

### 10.1 Frequency of Litigation

As a general rule under the Civil Code, the seller is not answerable for any defects of which the purchaser was aware at the time of the sale or any defects that could have been discovered by the purchaser by examining the subject of the sale with the care of a reasonable person, unless the purchaser proves that the seller affirmed the absence of those defects. Furthermore, the sell-

ers are usually liable for binding provisions under pre-contractual document, and in all cases, they are also liable for any misleading statements.

This being said, pursuant to the Civil Code, if a party does not perform its contractual obligations, the other party is entitled to request the defaulting party to perform its obligations. If the defaulting party does not perform its obligations, the affected party may claim damages.

Accordingly, in light of the above, litigation is frequent in M&A deals, given that the buyer may claim damages for any defects discovered after the transaction, or in the event of any misleading information, in addition to the possibility of claiming damages in the event of non-performance of the contractual obligations.

### 10.2 Stage of Deal

Litigation usually takes place after the transaction, whereby the dispute involves claiming damages relating to the obligations stipulated in the pre-contractual document or the contract. The parties may claim damages for defects discovered after the transaction, or in the event of any misleading information, in addition to the possibility of claiming damages in the event of non-performance of the contractual obligations.

The damages are assessed by the court on a case-by-case basis, based on the value of the losses suffered and any deprived profits that the defaulted party would have expected at the time of concluding the contract, unless otherwise agreed upon in the contract or stipulated by the law.

### 10.3 "Broken-Deal" Disputes

The details of disputes between parties regarding broken transactions are not publicly available.

## 11. Activism

### 11.1 Shareholder Activism

In Egypt, shareholder activism is not explicitly regulated, and accordingly it has not been common in Egypt; however, shareholders' rights are provided for under the Companies Law and the Capital Markets Law, allowing accordingly the shareholders to pursue their activism independently and protecting the minority shareholders as well.

In this regard, generally, the company's resolutions are issued upon the approval of the shareholders of the company. Every shareholder shall have the right to attend the general assembly regardless of the number of shares owned, discuss the matters on the agenda and vote accordingly. Furthermore, shareholders owning at least 5% of the total shares of the company shall have the right to make a request calling for an ordinary general shareholders' meeting subject to determining the agenda of the meeting; an extraordinary general shareholders' meeting may be called to convene upon the request of shareholders owning at least 10% of the total shares of the company.

This being said, the Companies Law requires a quorum for the validity of the general assembly meetings, whereby, for the ordinary general shareholders' meetings, the attendance of shareholders owning at least 25% of the total shares of the company is required, unless the company's articles of association require a higher percentage that does not exceed 50% of the total shares of the company. The resolutions shall be issued if approved by the absolute majority of the attending shareholders.

As for extraordinary general shareholders' meetings, unless otherwise stipulated in the compa-

ny's articles of association, the Companies Law requires the attendance of shareholders owning at least 50% of the total shares of the company. The resolutions shall be issued if approved by shareholders owning at least two-thirds of the total shares of the company; however, if the resolutions relate to an increase of the authorised capital, a decrease of the capital, the liquidation of the company, changing the objective of the company, or merging or splitting up the company, the resolutions shall be issued if approved by at least three-quarters of the shares represented in the meeting.

The shareholders may request the annulment of a resolution if the resolution in question is issued in violation of the provisions of the Companies Law or the company's articles of association, or if the resolution is issued for the benefit or detriment of certain shareholders, or brings special benefit to the members of the board of directors or others without the consideration of the company's interests; however, in all cases, the Companies Law specifies that the annulment may only be requested by those shareholders who had objected to the resolution during the meeting, or who did not attend for a plausible reason. In addition, the shareholders shall have the right to have access to the company's records and documents and to make copies accordingly.

Additionally, shareholders may insert into a shareholders' agreement and/or include in the company's articles of association reserved matters that require and shall only be implemented if approved by the affirmative votes of all shareholders.

### 11.2 Aims of Activists

Due to the lack of activist shareholder background, shareholders in Egypt do not typically push for M&A transactions, spin-offs or major

divestitures. Such decisions are usually driven by controlling shareholders. However, unless otherwise stipulated in the company's articles of association, the Companies Law requires that resolutions relating to the increase of the authorised capital, the decrease of the capital, the liquidation of the company, changing the objective of the company, or merging or splitting up the company shall be issued if approved by at least three-quarters of the shares represented in the meeting.

### 11.3 Interference With Completion

Shareholder activism is not common in Egypt, in light of the fact that Egyptian laws do regulate or provide for shareholder activism explicitly; accordingly, there tends to be no interference with the completion of announced transactions.

However, generally, it is worth noting that with respect to the new merger control regime, the ECA publishes on its website contemplated economic concentrations to allow third parties to submit their views on said transactions.

## Trends and Developments

### Contributed by:

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**Soliman, Hashish & Partners (SH&P)** is a full-service corporate law firm recognised as a leading financial and corporate law firm in Egypt by Chambers and Partners. Over the past decade, SH&P has worked exclusively with well-structured multinational clients across various practice areas, including corporate, M&A, banking and finance, telecoms, media and technology, energy and electricity, construction, public procurement, dispute resolution, intellectual property rights and employment. SH&P serves as local legal counsel to private and public sec-

tor entities, including governments, NGOs, and leading multinational companies operating in various sectors. Its dedicated team provides exceptional legal services, maintaining close relationships with leading law firms worldwide to deliver innovative and pragmatic solutions to complex legal issues. With over 500 multinational clients represented, its lawyers have built strong relationships with decision-makers in both the public and private sectors, ensuring effective representation and protection of its clients' interests.

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**Mohamed Hashish** has more than 20 years of experience and has successfully handled complex and diverse transactions and projects. He has received international

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**Farida Rezk** is a bilingual English and Arabic research associate with four years of experience, who joined Soliman, Hashish & Partners in 2020. Her practice encompasses mergers

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# EGYPT TRENDS AND DEVELOPMENTS

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**Omar Aboul-Ella** is a bilingual Arabic and English associate with over two years of experience. He holds a Bachelor's degree in law from the British University in Egypt.

Since joining Soliman, Hashish & Partners in 2022, Omar has worked on adding value to his expertise in different practice areas, including microfinance, mortgage finance, leasing, factoring, M&A, structuring and restructuring, antitrust, consumer protection, telecommunications, media and technology, intellectual property rights and trade matters. Throughout his studies and after graduation, Omar undertook various work experience internships that added to his professional legal skills.



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Over the past few years, the Egyptian government has been significantly improving the business environment in the country, which has resulted in various changes to the legal framework governing the establishment and operation of businesses in Egypt. Egypt has attracted more foreign direct investment (FDI) across multiple industries, predominantly within the financial services, technology and infrastructure sectors. It was reported in a recent press release that net FDI in Egypt reached USD46.1 billion in 2024, a significant leap compared to USD10 billion in 2023, according to the Ministry of Investment and Foreign Trade.

Furthermore, in 2023, Egypt was recognised as one of the top five countries with economies that account for 40% of projects in Africa by the United Nations Trade and Development (UNCTAD) World Investment Report 2023. Egypt was ranked third in the top 17 African Tech Ecosystems of the Future for the year 2021/22, according to the fDi's report African Tech Ecosystems of the Future 2021/22. Egypt was also recognised as one of the top five destinations globally for greenfield FDI in 2016, with Cairo ranked among the top ten cities hosting start-ups in 2016. In 2023, greenfield projects in Egypt more than doubled in number, to 161. Egypt was also at the top of all ranked MENA countries by capital investment in 2020, acquiring 12% capital investment with a total value of USD13.7 billion, where financial services were among the top five sectors in 2019.

Despite international and local crises faced by the country over the years (including revolutions, COVID-19, the Russia-Ukraine war, inflation, foreign currency shortages, the Palestinian-Israeli conflict and the threat of potential recession), Egypt has continued to implement its best efforts to improve the legal environment

to attract foreign investors and regulate certain activities under the current climate.

## Investment in Egypt

According to Investment Law No 72 of 2017 ("*Investment Law*") and Prime Minister's Decree No 56 of 2022, companies seeking to establish strategic or national projects that contribute to the development of partnerships between the private sector and the state, the public sector or the public business sector in the areas of public utilities and infrastructure, new or renewable energy, or roads, transportation or ports, have the opportunity to apply for a single licence for the establishment, operation and management of the project ("*Golden Licence*"). Such Golden Licence shall be sufficient for the operation of an investment project with no need to apply for any further licences or approvals. The Golden Licence Committee at the General Authority for Investment and Free Zones (GAFI) shall be responsible for the co-ordination with all the relevant governmental authorities in Egypt in order to obtain all the licences and approvals required by law for the establishment of the investment project.

According to Decree No 56 of 2022, the Golden Licence shall be granted by a decision of the Prime Minister for investment projects that satisfy at least two of the following required conditions:

- The investment project shall contribute to the growth of exports through exporting no less than 50% of its products abroad annually, within three years from the commencement of its activity.
- The investment project shall aim to reduce imports and increase industrial domestication, as well as deepening local components in its products, provided that the percentage of local components in its products, including

raw materials and production requirements, constitutes at least 50%, and further provided that the aforementioned percentage is calculated by subtracting the value of the imported components from the product cost.

- The financing of the investment project shall be primarily dependent on the foreign currency transferred from abroad through any bank registered with the Central Bank of Egypt (CBE).
- The establishment of the investment project shall be in one of the undeveloped areas, including, inter alia, Southern Giza Governorate, the governorates of the Suez Canal Region: Port Said, Ismailia and Suez (east of the canal), the border governorates, including the Red Sea Governorate to the south of Safaga, and the Upper Egypt governorates.
- The investment project shall contribute directly to the fields of technology transfer and localisation in Egypt, innovation support and scientific research development.
- The main objective of the investment project shall be securing strategic goods for the country, thereby reducing reliance on imports.
- The investment project shall lessen environmental impact via reducing gas and heat emissions and climate improvement.
- The investment project shall offer a labour-intensive investment project by employing no fewer than 500 Egyptian nationals.

It is worth noting that it was reported on the Cabinet of Ministers website in March 2025 that a total of ten Golden Licences were granted by GAFI in the first two months of 2025.

Furthermore, recent amendments have been made to the Investment Law's Executive Regulations by virtue of Decree No 2140 of 2023 to promote FDI. This includes the Private Free Zones regime, including the incorporation of a

provision permitting the Cabinet to approve the establishment of any projects in a Private Free Zone, upon a proposal from the competent minister after GAFI conducts an assessment of the project, subject to various conditions. Furthermore, the aforementioned Decree lifted some of the requirements for establishing projects in the Private Free Zones, including:

- the requirement to check initially whether there is a location in a Public Free Zone that would accommodate the project;
- the minimum capital requirement of USD10 million, and the investment costs thereof not being less than USD20 million or its equivalent in the free currency;
- the minimum area requirement for the project being 20,000 sq m; and
- a minimum requirement of 500 employees.

In addition, this Decree has introduced provisions regarding the inclusion of the services industry within the Private Free Zone system.

It is also worth noting that, generally, the percentage of ownership by Egyptian nationals of desert lands must not be less than 51%, and the maximum percentage of individual ownership in the capital of a company owning desert land must be 20%. The lands of co-operative societies and companies may not be transferred to non-Egyptians upon their dissolution. However, an exception to the aforementioned, in accordance with Law No 11 of 2024 amending some provisions of the Desert Lands Law, is a case where a foreign investor obtains the lands necessary to practise or expand their activity in accordance with the provisions of the Desert Lands Law or the Investment Law. Additionally, by virtue of a decree from the President of the Republic and the Cabinet's approval, a person who holds the nationality of one of the Arab

countries may be treated as an Egyptian national for desert land ownership, unless granted such ownership under the Investment Law.

## Merger Control

The amendments made to Antitrust Law No 5 of 2003 (“*Antitrust Law*”) in December 2022 replaced the post-notification regime for a transaction with the newly introduced pre-merger control system, whereby the Egyptian Competition Authority (ECA) is given the authority to review and approve proposed mergers and acquisitions prior to entering into the transaction. In April 2024, the Egyptian Prime Minister issued Decree No 1120 of 2024, enacting the Executive Regulations of the Antitrust Law and thereby implementing the new amendments.

The new pre-merger control system went into effect as of 1 June 2024 and requires pre-approval from the ECA with respect to any transaction (eg, merger, acquisition, joint venture) that constitutes an “*economic concentration*” and meets the thresholds set under the Antitrust Law, by virtue of an economic concentration notification file with certain required documents attached. An economic concentration is defined as any change of control or material influence as a result of a merger or acquisition or the establishment of a joint venture.

Following the new pre-merger control regime, the ECA has approved – amongst many other economic concentrations – the following notable transactions in 2024 and 2025:

- the acquisition of 41% of the total shares of Italia Trasporto Aereo S.p.A. (ITA Airway) by Deutsche Lufthansa AG (Lufthansa Group);
- the acquisition of collective control of Sauber Holding AG, a Swiss motorsport engineering company, by Qatar Holding LLC;

- the acquisition of 75% of the total shares of Closure Systems International Egypt by CDS Lavorazini Materie, Plastica S.r.l.; and
- the acquisition of DS Smith by International Paper, in a deal that is estimated to be worth USD7.2 billion.

Furthermore, the Financial Regulatory Authority (FRA)’s notification and pre-approval is required for any potential transaction that constitutes an “*economic concentration*” and fulfils the financial thresholds, provided that the persons concerned with the economic concentration exercise one of the activities under FRA’s supervision, namely securities and capital markets activities, insurance, reinsurance or insurance brokerage activities, mortgage finance activities, financial leasing activities, securitisation and factoring activities, and microfinance activities.

## Fintech

Fintech has been newly introduced in 2020 in Egypt as part of the issuance of the new Banking Law No 194 of 2020 with the purpose of promoting financial inclusion and the digitalisation of the financial sector in Egypt. However, the possibility of obtaining a fintech licence for the banking sector is still pending the issuance of further regulations in this regard by the CBE. Fintech has since been further regulated in non-banking financial services (NBFS) by the issuance of the new Fintech Law No 5 of 2022 and its Executive Regulations (“*Fintech Law*”), which facilitate the integration of technologies into NBFS and set out the regulatory framework for the licensing scheme for such services from the FRA. These services include, inter alia, insurtech, microfinance, robo-advisory, artificial intelligence, mobile applications and digital platforms.

In July 2023, the CBE issued regulations regarding the licensing and regulatory framework for digital

banks in Egypt, which will effectively allow for the establishment and operation of digital banks, in an effort to support innovation and transformation of the digital economy, whilst representing an important step in aligning with global developments in the financial technology industry.

Furthermore, in January 2024, the FRA issued Decree No 286 of 2023 regarding the rules and procedures for the establishment and licensing of emerging financial technology companies to engage in non-banking financing activities. The Decree applies to a variety of non-banking financing activities, including, inter alia, real estate financing, consumer financing and factoring. The Decree stipulates the conditions required to enable the incorporation of a non-banking financing company, as well as the procedures for obtaining the required licence to engage in such activities.

Additionally, in November 2024, the FRA issued Decree No 163 of 2024 regarding the establishment and operation of the testing platform of the FRA in accordance with the Fintech Law, which stipulates that the FRA shall establish a regulatory testing platform or sandbox within which licence applicants for non-banking financial activities can test their fintech products in a live regulatory environment with real consumers for a period of time in preparation for providing them to clients, under the supervision and oversight of the FRA. Accordingly, the Decree has established the aforementioned testing platform, allowing start-ups practising non-banking financial activities to test their fintech for the purpose of supporting and facilitating the entry of smart start-ups into the market, enhancing regulatory understanding of fintech and improving regulatory practices in support of sustainable and inclusive financial growth.

Furthermore, in 2024, the FRA issued Decree No 57 of 2024, which establishes the rules for regulating the operation of Robo-Advisors for Investment. A Robo-Advisor is an electronic system that provides financial advice to clients for the purpose of creating, managing and rebalancing an investment portfolio using AI algorithms. The FRA highlighted that portfolio management companies are now authorised to provide automated investment advice via Robo-Advisors.

It is also worth noting that in 2024, the FRA issued Decrees No 140 and No 148 of 2024 establishing special purpose acquisition companies (SPACs) in Egypt and has recently approved the first application for a SPAC, which is defined as a company licensed by the FRA solely to raise a cash fund, through an initial public offering, for the sole purpose of acquiring or merging with an operating business within a specific timeframe.

## Data Protection

In 2020, Egypt introduced the Law on the Protection of Personal Data No 151 of 2020 ("*Data Protection Law*"), which regulates personal data that is processed electronically. Prior to the issuance of the Data Protection Law, data protection was only governed by the Constitution, Penal Code No 58 of 1937 ("*Penal Code*") and Law No 175 of 2018 on Anti-Cyber and Information Technology Crimes ("*Cybersecurity Law*"). The Data Protection Law is a reflection of the European General Data Protection Regulation (Regulation (EU) 2016/679), as it aims to establish various standards and rules that safeguard data protection and the rights of individuals in Egypt. However, the Executive Regulations of the Data Protection Law have not yet been issued at time of writing. There are certain types of personal data that are not subject to the Data Protection Law, including, inter alia, data held by the CBE.

The Data Protection Law applies to any controller, processor or handler (natural or juristic) of personal data. It also applies to any of the aforementioned persons who breach the Data Protection Law if they are:

- an Egyptian national inside or outside Egypt;
- a non-Egyptian residing within Egypt; or
- a non-Egyptian outside Egypt, if the act is punishable in any form in the country where it occurred and the data subject who is affected by the breach is an Egyptian national or a non-Egyptian residing in Egypt.

The Data Protection Law sets out the requirements relating to processing, handling and controlling any personal data, which in principle are primarily based on the element of consent of the data subject and licensing from the Data Protection Centre. The Data Protection Centre is the regulatory authority overseeing the application and enforceability of the Data Protection Law. Also, the Data Protection Law regulates the transfer of personal data abroad and sets out certain conditions and standards for allowing the transfer of personal data outside of Egypt. However, the Data Protection Centre has not yet been established at time of writing, and the regulations regarding the issuance of the said licences are subject to the issuance of the Executive Regulations.

## Banking, Finance and Exchange Control

The Egyptian pound underwent various devaluations throughout 2022 in order to secure IMF loans.

Despite the fact that investors are freely allowed by law and the relevant and applicable bilateral investment treaty to transfer proceeds and dividends to their home country, the current shortage and unavailability of foreign currency in

Egypt has made it difficult for investors to transfer such proceeds and dividends to their home country, and therefore, most foreign investors secure their own source of foreign currency, as each bank is currently applying a list of priorities for exchanging Egyptian pounds with any foreign currency, which differs from one bank to the other. However, it is worth noting that these restrictions were relaxed significantly in 2024, allowing foreign investors to secure foreign currency.

## Imports

In December 2022, the CBE abolished the system of requiring importers to obtain letters of credit for their purchases and returned to the CashAgainstDocuments system for importing goods. This change alleviates the previously higher costs and time burdens on importers.

It is also worth noting that in 2023, by virtue of Law No 173 of 2023, the foreign ownership restriction on importation was lifted, permitting limited liability companies 51% of the quotas of which are owned by non-Egyptians partners to register in the Importers' Registry, provided that the total duration of registration does not exceed ten years from the date of entry into force of the said law. This duration may be extended for one additional period not exceeding ten years by a decision from the Council of Ministers.

In conclusion, various legal developments have taken place across different regulations and sectors in Egypt. These measures reflect the Egyptian government's aim not only to foster a stable and well-regulated economy for Egyptians but also to promote FDI in Egypt. Reports indicate that further changes are anticipated in the coming years, including the introduction of new labour and arbitration laws.