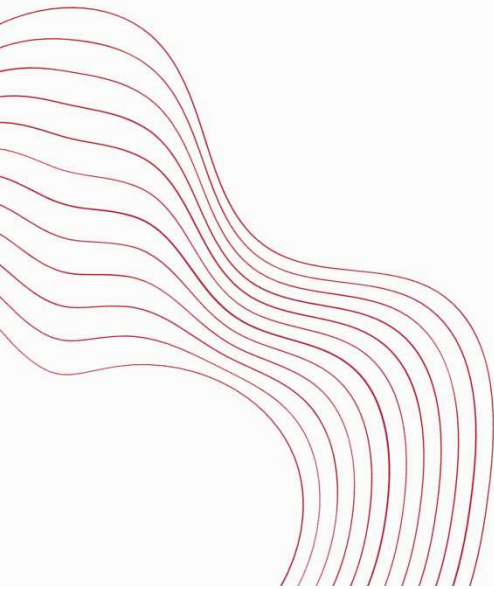
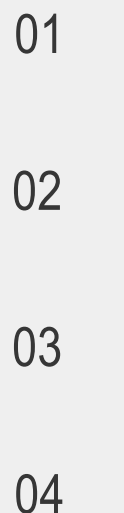


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INTRODUCTION

The Central Bank of Egypt ("**CBE**") has issued regulations for licensing, registration, supervision, and oversight of digital banks. This represents an important milestone that would help Egypt be on the map with regards to the fintech industry.

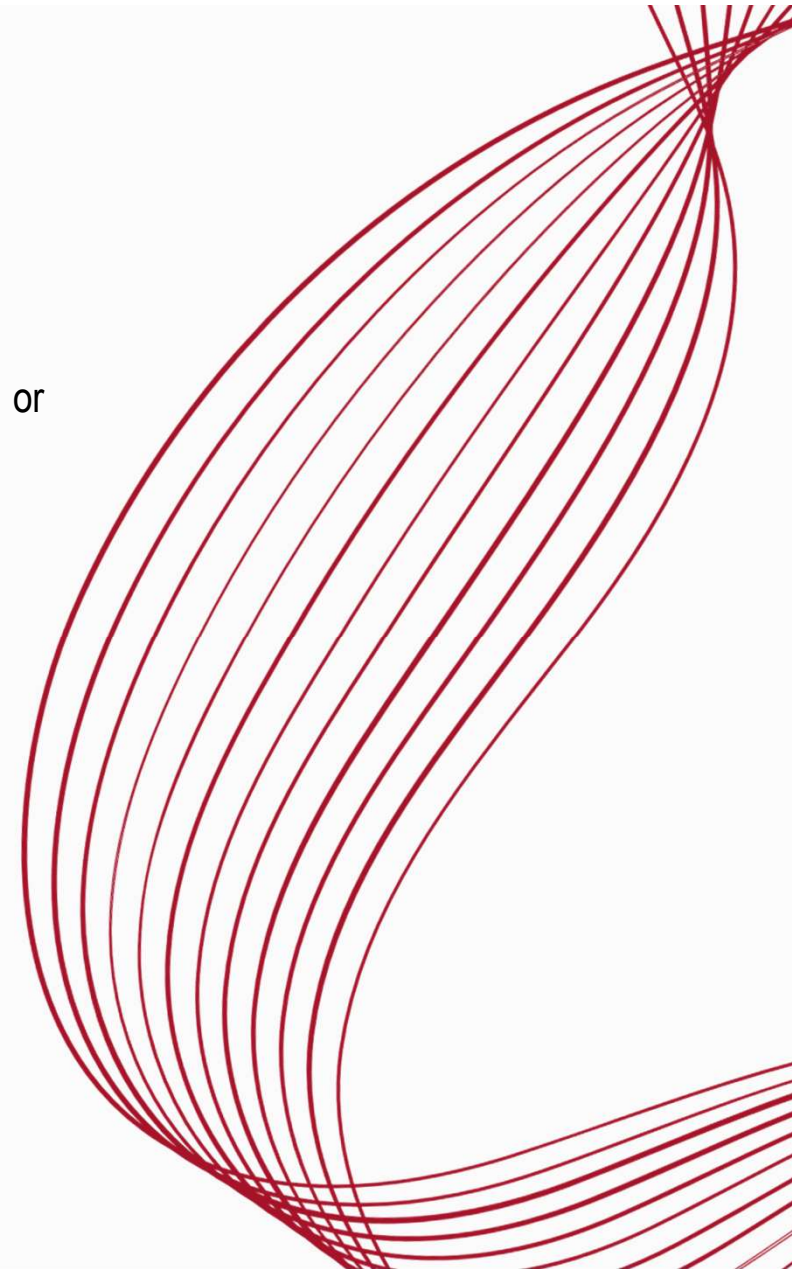
The new regulations are issued in accordance with the provisions of the Law No. 194 of 2020 ("**Banking Law**").

WHAT ARE DIGITAL BANKS?

Digital banks are those which provide banking services through digital channels or platforms using modern technologies.

Conditions to operate as a digital bank:

- Operations should be carried out in line with the Banking Law.
- Restriction on establishing branches with the requirement to establish a head office for Egyptian joint stock digital banks, and establishing a main head office for the branch of a foreign digital bank.
- Permission to use banking agents after obtaining the CBE's approval.





LICENSING REGISTRATION REGULATIONS

AND

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LICENSING REQUIREMENTS

The applicant shall take one of the following legal forms:

EGYPTIAN JOINT STOCK COMPANY

With all of its shares being nominal shares, and with issued amounting to at least 2 billion Egyptian pounds or its equivalent in foreign currencies (being fully paid).

Its headquarters enjoys a specific nationality and is subject to the supervision of a regulatory authority where its headquarters is located. The dedicated capital for the activity of the foreign digital bank branch in Egypt shall be at least USD 60 million or its equivalent in foreign currencies.

FOREIGN BANK BRANCH

Cont. LICENSING REQUIREMENTS

The applicant must follow the following requirement:

- One of the shareholders must be a financial institution ("**Financial Institution**"), representing the largest ownership percentage amongst the shareholders and their related parties, provided that the ownership shall not be less than 30% of the share capital.
- The Financial Institution must have a track record in similar activities, unless waived by the CBE's board of directors ("**BoD**").
- Clear disclosure of the ownership structure, including related parties, to identify the ultimate beneficiary and verify the legitimacy of the source of funds.
- The license should not be conflicting with the public economic interest of Egypt.
- The license should not result in any breach of the competition rules and the prevention of monopolistic practices.
- The trade name adopted by the digital bank should not be identical or similar in a way that causes confusion with another bank's name or entity.
- Adequate study of the financial and economic feasibility, including a statement of the purpose of establishment, its business plan, demonstrated ability to mobilize savings, nature of activities and services to be provided, market study and utilization, in addition to general plans for information technology, payment systems, and cybersecurity.
- Persons of interest (such as founders, ultimate beneficiaries from corporate persons of the founders, board members, key officials) should have integrity, good reputation, and financial solvency.
- Other requirements are applicable in case the digital bank was established in the form of a branch to a foreign bank.

PROCEDURES FOR OBTAINING PRELIMINARY APPROVAL

STEP 1

An application is submitted to the CBE to obtain preliminary approval to establish a digital bank, as well as the proof of payment of an amount equals to EGP 1 million as examination fee for the digital bank formed as an Egyptian joint-stock company, or USD 50 thousand for a digital bank formed as a branch of a foreign bank.

STEP 2

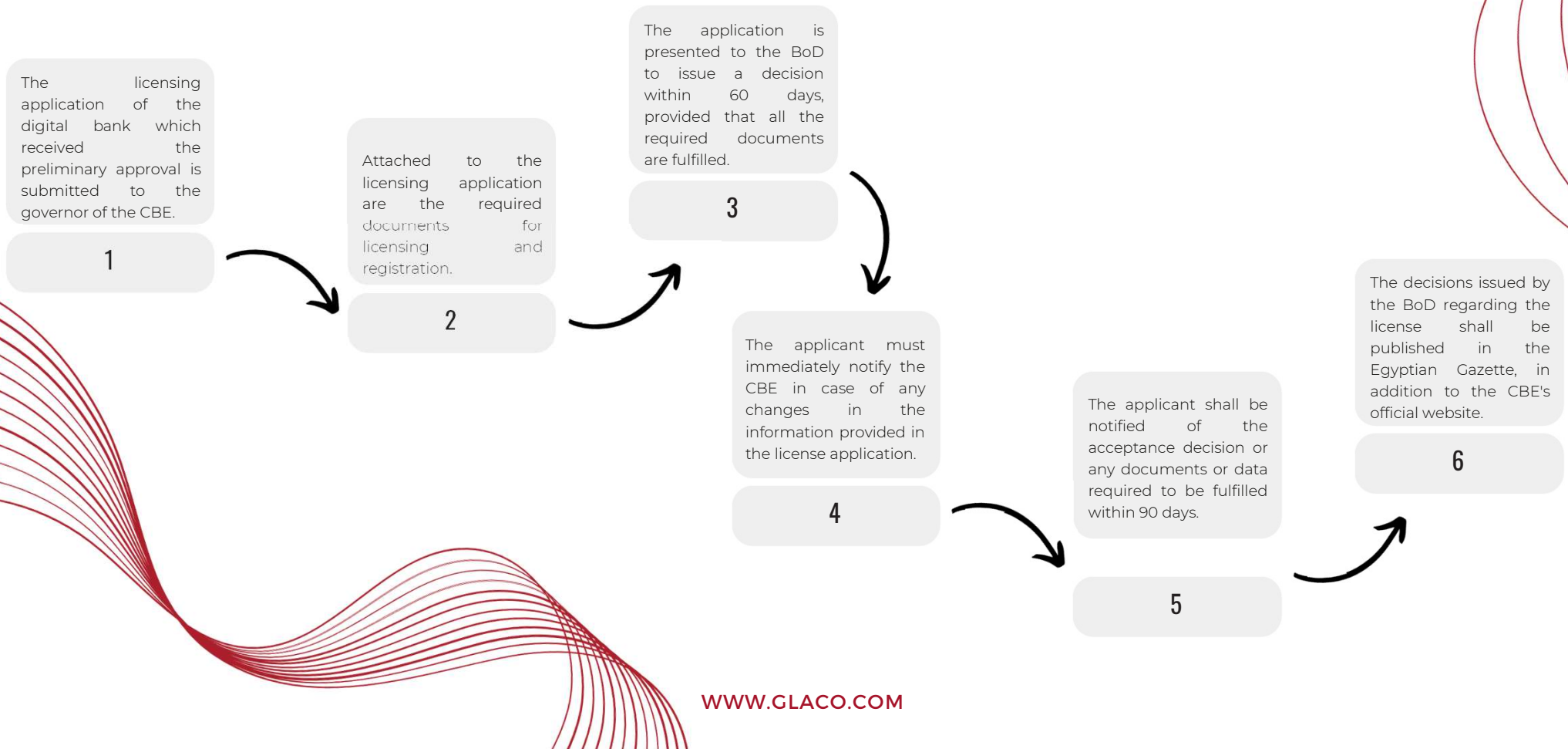
The BoD will make a decision within 90 days from the date of the application submission. The BoD may extend this period for another similar period.

STEP 3

In the event of rejection of the application, the concerned parties shall be notified within 30 days from the date of the issuance of the rejection decision. While the regulations does not explicitly provide for a notice to be served in case the application was accepted, such acceptance may be deemed implicitly entailed if the CBE does not notify the parties within the timeframe referred to herein above.



LICENSING PROCEDURES



REGISTERING THE DIGITAL BANK OR THE DIGITAL FOREIGN BANK BRANCH

01

The licensed digital bank is registered in a special register prepared for this purpose at the CBE.

02

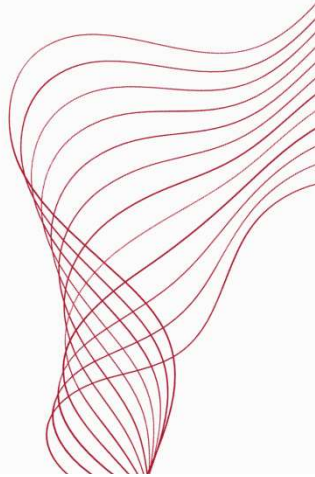
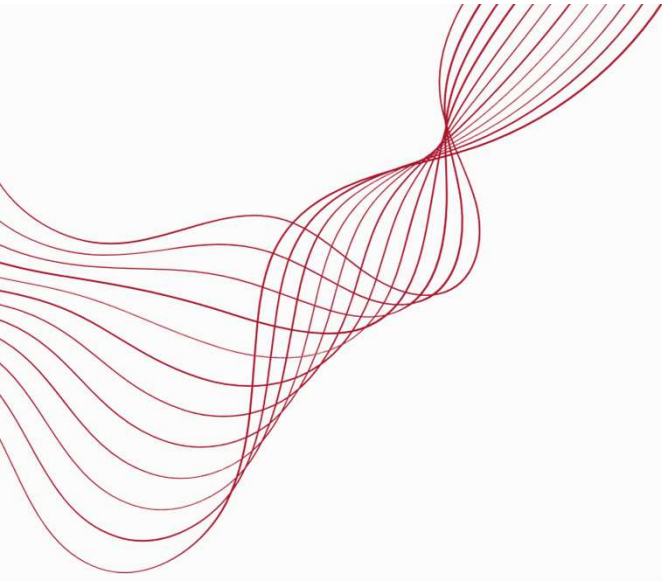
The information is recorded in the said register.

03

The application for registration of the digital bank, which has obtained preliminary approval, along with the necessary documents is submitted to the CBE using the 'Digital Bank Registration Application form

04

Any modifications or changes to the information shall be recorded using the designated form for this purpose.



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