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# RULES, REGULATIONS AND LICENSING FOR EGYPTIAN CREDIT BUREAUS

## FINAL REPORT

EGYPT FINANCIAL SERVICES PROJECT  
TECHNICAL REPORT #39

**May 2005 – February 2006**

This publication was produced for review by the United States Agency for International Development. It was prepared by Chemonics International Inc.

## DATA PAGE

Activity Title and Number: Egypt Financial Services (EFS) Project  
Contract No. 263-C-00-05-00003-00

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Task: Task 4: Establish a Broad-Based Credit  
Information System

KRA: KRA 4.1 Strengthen the Capacity of CBE for  
Oversight of Private Information Systems and  
Protection of Consumer Rights  
KRA 4.2 Private Sector Credit Bureau Operational

Activity: 4.1.1 Assist the CBE in consolidating its role as a  
credit bureau regulator and licensor  
4.2.2 Determine credit bureau licensing  
requirements

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Date: May 2005 – February 2006

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

The work in this document is a result of the technical assistance provided by EFS and its consultants who worked very closely with the Central Bank of Egypt over a period of eight months. Central Bank of Egypt had made some changes/additions after finalization of the work of EFS consultants. This document represents the approved version by the Central Bank board of Directors. On January 17, 2006 the board of the Central Bank approved the rules organizing the operations of credit bureaus, the rules organizing exchange of information between Central Bank, banks, mortgage finance & financial leasing companies and Credit Bureaus and the Central Bank Supervisory System. The requirements and procedures to license credit bureaus was approved in 30 August 2005 and a preliminary approval was given to the first Egyptian Credit Bureau to be established under the banking law.

## TABLE OF CONTENTS

|                                                                                                                                                                          |    |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| ACRONYMS .....                                                                                                                                                           | i  |
| Part One: Rules Organizing the Operations of Credit Bureaus .....                                                                                                        | 1  |
| First: Definitions .....                                                                                                                                                 | 1  |
| Part Two: Rules Organizing the Relation between the Credit Bureau and Parties<br>dealing with it .....                                                                   | 3  |
| 1. Relation between the credit bureau and data /information providers .....                                                                                              | 3  |
| 2. Relationship between the credit bureau and the users .....                                                                                                            | 4  |
| 3. The company's relation with clients (consumer rights) .....                                                                                                           | 4  |
| 4. Relation between the bureau and other credit bureaus licensed by the Central<br>Bank .....                                                                            | 5  |
| Third: Rules organizing the Company's Operations.....                                                                                                                    | 5  |
| Fourth: Operating and Processing Data Rules .....                                                                                                                        | 6  |
| <br>                                                                                                                                                                     |    |
| Part Two: Rules Organizing Data Exchange Between the Central Bank of Egypt,<br>Banks, Mortgage Finance companies, Financial Leasing Companies and Credit<br>Bureaus..... | 7  |
| First: Definitions .....                                                                                                                                                 | 7  |
| Second: Provision of Data and Information.....                                                                                                                           | 8  |
| Third: Inquiry .....                                                                                                                                                     | 8  |
| <br>                                                                                                                                                                     |    |
| Part Three: Central Bank Supervisory System .....                                                                                                                        | 10 |
| First: Central Bank Supervisory System .....                                                                                                                             | 10 |
| Second: Penalties in Cases of Violation .....                                                                                                                            | 10 |
| <br>                                                                                                                                                                     |    |
| Attachment: Requirements and Procedures to License Credit Bureaus .....                                                                                                  | 12 |
| First: Requirements to obtain preliminary approval to incorporate the company .....                                                                                      | 12 |
| Two: Rules and Requirements to obtain the License and Register the company<br>with the Central Bank.....                                                                 | 12 |

## ACRONYMS

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|          |                                                       |
|----------|-------------------------------------------------------|
| AI       | Appraisal Institute                                   |
| ABS      | Asset-backed Securities                               |
| BDA      | Bond Dealers Association                              |
| CAPMAS   | Central Agency for Public Mobilization and Statistics |
| CASE     | Cairo and Alexandria Stock Exchanges                  |
| CBE      | Central Bank of Egypt                                 |
| CMA      | Capital Market Authority                              |
| CRA      | Commercial Registry Authority                         |
| CTO      | Cognizant Technical Office                            |
| EAA      | Egyptian Appraisers Association                       |
| EBA      | Egyptian Bankers Association                          |
| ECMA     | Egyptian Capital Market Association                   |
| EFS      | Egypt Financial Services Project                      |
| EHFC     | Egyptian Housing Finance Company                      |
| EIMA     | Egyptian Investment Management Association            |
| EISA     | Egyptian Insurance Supervisory Authority              |
| EJA      | Egyptian Judges Association                           |
| ELA      | Egyptian Lawyers Association                          |
| EMBA     | Egyptian Mortgage Brokers Association                 |
| ESA      | Egyptian Survey Authority                             |
| EREA     | Egyptian Real Estate Association                      |
| ERESA    | Egyptian Real Estate Surveyors Association            |
| GAFI     | General Authority for Free Zones and Investment       |
| GOE      | Government of Egypt                                   |
| IFS      | International Federation of Surveyors (Egypt Chapter) |
| IPF      | Investors Protection Fund                             |
| KRA      | Key Results Area                                      |
| MBA      | Mortgage Bankers Association                          |
| MCDR     | Misr for Clearing, Depository, and Registry           |
| MFA      | Mortgage Finance Authority                            |
| MLS      | Multiple-listing Service                              |
| MSAD     | Ministry of State for Administrative Development      |
| MOF      | Ministry of Finance                                   |
| MOH      | Ministry of Housing                                   |
| MOJ      | Ministry of Justice                                   |
| MOI      | Ministry of Investment                                |
| MOU      | Memorandum of Understanding                           |
| NASD     | National Association for Securities Dealers           |
| NIB      | National Investment Bank                              |
| PGF      | Payment Guarantee Fund (Guarantee Fund)               |
| PIN      | Parcel Identification Number                          |
| SEC      | Securities and Exchange Commission                    |
| SII      | Securities and Investment Institute                   |
| UCD      | Universal Cadastral Database                          |
| UNCITRAL | United Nations Commission on International Trade Law  |
| USAID    | United States Agency for International Development    |
| YEBA     | Young Egyptian Bankers Association                    |

## Part One: Rules Organizing the Operations of Credit Bureaus

### First: Definitions

The following definitions refer to the terminologies mentioned in the law and these rules:

1. Credit Bureau<sup>1</sup>: A joint stock company with a paid-up capital not less than LE 5 million, licensed by the CBE to conduct its activities. Its nature of activities shall be the formation of credit files through collection, processing, maintaining and analyzing personal and credit data and information related to the indebtedness of the clients of banks, mortgage finance, financial leasing companies and companies providing credit as suppliers of goods and services in addition to the provision of inquiry and credit scoring services, issuing credit reports to the users without making recommendations related to granting the credit.
2. Data Providers: Entities that provide any form of credit and entities that have personal or credit or any information and data related to clients' payment habits credit worthiness and furnish them to the credit bureaus as per these rules.
3. Data Subject<sup>2</sup> (Client/Subject of Inquiry): Natural persons (individuals) and legal persons who have *or apply for* credit and whose data and information are collected in credit files at the bureau and are available for inquiry pursuant to these rules.
4. User: Legal entities which contracted with the bureau and which have a legitimate purpose to inquire, obtain credit reports and the services provided by the bureau, as well as the clients/subjects of inquiry who have credit files in the company, pursuant to these rules. The company shall be forbidden to deal with natural persons as users, inquiring about others, except for their right to inquire about their own information and data as per these rules.
5. Credit File: It contains the clients' personal and credit data and information that are collected, processed and maintained with the company, including:
  - a. Data provider: This includes its name, nature of business and address.
  - b. Personal data:
    - Natural Persons: They include the name, nationality, date and place of birth, identifier documents, present and past addresses in the last three years, profession, place and address of present and past jobs in the past three years, spouse name in addition to any other data that serves the purposes of the company.
    - Legal Persons: They include the name, legal status, names of shareholders holding more than 10% of the paid up capital, commercial register number, its date, registration place, address, principal and sub-activities and information about the financial position of the company, in addition to any other data that serves the purposes of the company.
  - c.. Credit Data: It includes loan value and/or authorized credit limit, the utilized balances, type of facility or product, currency, maturity date, installments due and

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<sup>1</sup> In Arabic "Investigation (inquiry) and Credit Scoring Companies" are used to mean credit bureaus. In this document the word company also means credit bureau.

<sup>2</sup> Throughout this document the word client or customer means the data subject or the consumer.

types of collaterals offered in addition to any other data that serves the purposes of the company.

d. Payment Habits: These are historical data for a minimum of five preceding years, unless the client obtained credit for the first time, reflecting the extent to which clients are regular in meeting their commitments on due dates and they include:

Positive information: Information that reflects the clients' payment of obligations in due dates.

Negative information: Information related to clients' delinquencies including: payment delays, irregularities, dishonored cheques and bills, defaults, delinquency, court sentences, seizures, protested bills of exchange, insolvency and bankruptcy.

e. Public Record Information: Information available in public records including civil, commercial, real estate and court registries.

f. Inquiries made to the credit file: It includes the user's name, business and date of inquiry.

The credit file should not contain data related to political, party, other general organizations affiliation, religious beliefs or health condition.

6- Database: Electronic database that contains credit files of all clients and it includes their related data and information which were collected from data providers, processed and maintained with the company.

7- Consent: Explicit signed written authorization by the client, his legal representative or authorized agent indicating his consent to:

- Inquire about his data and information.
- Forward his data to credit bureaus.

The consent shall not be required for entities subject to the provisions of Article 99 in law no. 88 for 2003 and its amendments and they are banks, mortgage finance and finance leasing companies.

8- Credit Report: A report issued by the company, in hard or electronic form, containing all or part of the client's information and data available in the credit file or a summary.

9- Credit Scoring: Use of personal and credit information and data in the credit file of the client to arrive at a numeral statistically based and objectively applied to all clients to determine the degree of risk related to nonpayment of the client's future obligations.

10- Source of Gathering Data and Information:

It is one or all of the following sources which are authorized legally or contractually to provide data and information to inquiry and credit scoring companies and they include:

- Banks operating in Egypt
- Central registry with the Central Bank of Egypt
- Mortgage finance companies
- Financial leasing companies
- Insurance companies
- Social fund for development
- Institutions that offer credit to medium, small and micro enterprises
- Factoring companies
- Companies operating in the area of financial securities as per the capital market law number 95 for 1992 and its amendments

- Suppliers of goods and services selling a product or offering a service on installment basis
- Other credit bureaus licensed by the Central Bank of Egypt
- Authorities overseeing the public records and they are the civil, commercial, real estate and court registries
- Other entities that have data and information that serve the purposes of the company

#### 11- Permissible Purpose:

The user should have a permissible purpose for inquiring and obtaining the credit report.

The permissible purpose is represented in the following:

- As per a court sentence, court order or arbitration
- Providing, increasing, renewing, or amending the terms of any form of credit,
- Accepting a guarantee in any form
- Determining the credit scoring of the client who is applying for the credit or reviewing the credit position to determine regularity in meeting his commitments in due dates
- As per a signed consent from the client

### **Part Two: Rules Organizing the Relation between the Credit Bureau and Parties dealing with it**

The relation between the company, the data/information providers and users is governed by the law and the rules organizing the operation of these companies, the contract between the company and each party, on condition that it includes the following:

- Purpose and scope of the agreement
- Ensuring the secrecy, protection of and correctness of the data and information
- Type of information and data to be collected and the target segments whose data and information is collected
- Dates of sending the data and information, the method and security measures.
- Rules of inquiry and obtaining the credit reports
- The services rendered and required fees and methods of payment
- Defining the liability of the relationship parties with respect to the correctness of data and information
- Dispute settlement related to implementation of termination of the contract

Following are the rules governing the relation between the company and each party:

#### **1. Relation between the credit bureau and data/information providers**

The company's contract organizes the relation between the company and the data/information providers and includes the company's commitment to maintain the secrecy of the information and data and use in accordance with the permissible purpose as per these rules. The obligation of the information/data provider should include the following:

- a. Undertake all necessary procedures and precautions to secure the data and information provided to the company and verify its correctness
- b. Obtain an authorization from the client providing his consent to send his data and information to the credit bureau and keep the authorizations for review by the company if the latter requests so, with the exception of the institutions stipulated in Article 99 of Law no. 88 of 2003 and its amendments, which are the banks, financial leasing companies and mortgage finance companies for which no consent is required
- c. Periodically making available and updating the information and data of the clients who obtained credit within a maximum period of one monthly as per the forms of the company

- d. Notifying the company with any legal or judicial action taken against their clients within a maximum period of one month from the date of action
- e. Informing their clients who were extended or refused credit with the name and address of the credit bureau, and indicate to them their right to obtain their own credit report, the right to submit a complaint to object to the information and data in their credit report
- f. Deal with complaints submitted by clients within a maximum of 15 working days from the date of receiving the complaint from the company as per the rules outlined afterwards, and keeping a data base with complaints received and the outcome of investigation
- g. The information/data provider is responsible for the correctness of the information and data provided by him to the company, and ensuring its security until made available to the company

## **2. Relationship between the credit bureau and the users**

The relation between the company and the users is organized by contracts and it includes the right of the user to inquire and obtain credit reports and use all other services offered by the company and its compliance with the following:

- a. The laws and rules issued by the Central Bank and the rules organizing the request and use of the credit reports that are provided by the company.
- b. The user must have, at minimum, one of the permissible purposes to inquire and obtain credit reports and enjoy the services that are provided by the company which are stated in this regulation
- c. Obtain the client's authorization consenting to inquire about his related data and information, clarifying the purpose of the inquiry with attestation from the user that the client's signature is correct, and maintain these authorizations for the company's review if it requests so, except for the entities stated in Article 99 in Law no. 88 of 2003 and its amendments which are the banks, mortgage finance and financial leasing companies.
- d. Inquiries and obtaining credit reports should be according to the contracts' terms with respect to:
  - Submitting the request on the form prepared for this purpose
  - Mechanism and way of obtaining the credit reports
  - Payment of the fees to obtain the credit reports
- e. User's obligation to use the credit report for the permissible purpose for which it was requested and for no other purpose
- f. Non exchange of data and information in the credit report with others or allowing others to view it for or without a fee
- g. The user is obliged not to change or amend any item of the credit report which it obtained from the company
- h. The user cannot assign its right to others or give a license to others to inquire
- i. The user undertakes that the inquiry will be done by authorized officials whose names and jobs will be notified to the company and is committed to inform the company with any change in the authorized officials who inquire or any their employment is terminated with their commitment to maintain the secrecy of the information and data

## **3. The company's relation with clients (consumer rights)**

- a. A client shall have the right to request a copy of their own credit report on the form prepared for this by the company at any time as per the system set by the company after paying the required fees
- b. A client shall have the right to file a complaint if the data and information in his/her credit report are not true within 15 days of receiving the report. If a complaint is not filed during this period, the data & information shall be deemed correct and fully accepted by him/her, unless proven otherwise.

- c. The complaint shall be submitted on the form prepared by the company for this purpose, along with attached supporting documents, and clarification of the items subject of the complaint in the credit report and the required action that is requested whether re-investigating, cancellation, correcting or adding.
- d. The company has to investigate the complaint and if found not related to the correctness of data or information, then the complaint is filed and the consumer is notified within a period of maximum 10 working days from the date of receipt of the complaint. If the complaint is accept, the company has to investigate and undertake the necessary correction of the information and data if an operational & processing error by the company was made, or send it to the data/information provider within maximum 10 working days from the date of receiving the complaint.
- e. The data provider has to examine the complaint received from the company, and inform it with the result of its investigation either to confirm the correctness of the data and information or correct the detected errors and send it to the company within a maximum period of 15 working days from the date of receiving the complaint.
- f. In case material changes are made to the credit report, as a result of the investigation of the complaint by the company or the information/data provider, the consumer who filed the complaint has to be notified. Notices with the changes shall be sent to all the users who made inquiries and obtained credit reports in the past three months preceding the changes.
- g. All issued credit reports while the complaint is being investigated will include a notice that a complaint has been filed.
- h. If the complaint is in connection with inquiries made without purpose or without consent, the company shall recourse to the user to provide evidence that there is a permissible purpose to inquire or consent from the complainer agreeing to inquire about the credit file.

#### **4. Relation between the bureau and other credit bureaus licensed by the Central Bank**

The relation between the credit bureau and other credit bureaus licensed by the Central Bank shall be governed by a contract and shall specifically include the following:

- Purpose and scope of the agreement
- Type of data that will be exchanged, frequency, methods of communication and security
- Mutual services, fees and method of payment
- Defining the legal responsibility of each party to the relation especially with respect to the correctness and secrecy of the exchanged data/information
- Dispute settlement related to execution or termination of a contract

The relations between credit bureaus are subject to fair competition principles, fruitful cooperation and mutual interest in the light of the laws governing companies

#### **Third: Rules Organizing the Company's Operations**

1. The company is obliged to contract with data and information providers and users and to include the nature of dealings and legal responsibility of each party to the contract, using the samples prepared by the company for that purpose and maintaining all contracts in this concern.
2. The Chairman, board members, directors and employees of credit bureaus are forbidden to access information or data except on a need to know basis for their work. They are also forbidden to give or disclose any information or data about clients, their accounts or dealings that enable others to access them other than in the situations

authorized by the law. This restriction shall apply to anyone who by virtue of his profession, position or job, either directly or indirectly receives or views data and information referred to herewith.

3. The company shall put the systems that ensure employees' obligations to maintain the secrecy of data and information and take all necessary procedures to ensure compliance.
4. The bureau shall prepare an information leaflet including the address of the main office and branches if any, telephone numbers, fax, e-mail address, activities, working hours, services rendered and how to obtain them, fees and method of payment.
5. The company is obliged to publicize that it has a license to conduct its activity from the Central Bank board of directors & the date of obtaining the license in all its correspondence, publications including the credit reports and its website.
6. The company has to maintain its database including the information and data related to the clients in the credit bureau premise in Egypt
7. The company is obliged to establish a unit to deal with consumers' requests to obtain their credit reports and receive complaints. The employees of this unit should be knowledgeable with consumer rights and qualified to deal with consumers.
8. The company shall issue the credit report on the form prepared for this purpose with an attachment of the definition of the terms.
9. The company is responsible for the errors in operating and processing data and information
10. The company is obliged to maintain a date base with all credit inquiry requests for a period not less than two years, including information about the date of inquiry, the name of the inquirer, its business and number of inquiries. The credit report should include the number of inquires made on the clients credit file in the last 12 months
11. The company is obliged to maintain a date base with complaints received for a period not less than three years from the date of the last action related to the complaint, including the actions taken to examine them and the outcomes of the investigations, in addition to statistical reports highlighting their numbers, types, and sources.
12. The company is obliged to appoint a Compliance Officer to monitor the company's compliance with its operational rules and procedures, the applicable laws and regulations issued by the Central Bank with respect to the working system of the credit bureau, rules organizing exchange of information and data, and the Central Bank Supervisory system.
13. The company has to provide a suitable and secure method to offer inquiry and credit scoring services and make its credit reports accessible to users in all the governorates of Egypt.
14. The company has to include in its credit reports negative information related to clients as per this regulation for a period of five years from the date of clearance of these clients in any way such as finalization of legal proceedings in the way of cancellation, withdrawal, or legal sentence or repayment.
15. The company has to use its data and information to develop systems for credit scoring as per the norms in this field.

#### **Fourth: Operating and Processing Data Rules**

1. The company is obliged to provide appropriate equipment and technological means that enable it to establish and operate systems and databases.
2. The company shall collect, match, record incoming data and information from the data providers, process and analyze it in a manner that serves its purposes.
3. The company is obliged to take all precautionary measures to ensure that the data and information are obtained from reliable sources.

4. The company has to take necessary measures to secure and protect the data and information, maintain its secrecy including the following:
  - a. Establish a system to physically secure the database site.
  - b. Establish an alternative emergency (back-up) center, at a suitable distance from the company's headquarters to handle potential hazards or crisis.
  - c. Approve regular back-up archiving systems, and establishing plans to retrieve information in emergencies to ensue that the data is not lost or damaged.
  - d. Provide secured means of communication to exchange data and information with data providers and users.
  - e. Provide protection and security to access the company's system and database and establishing an emergency plan to deal with operations to penetrate the systems.
  - f. Contracts with the company's employees should stipulate their compliance with the secrecy of the data and information. Also, written internal policies and rules should be set and regularly revised with respect to their access and use of the database.
  - g. Establish operational controls for staff's authorization to access and use the data base, and determine penalties for noncompliance with authorized use.
  - h. Develop a system for authentication of identities and validate the correctness of personal information
  - i. Set a documented manual for the operations rules and procedures to be reviewed annually.
5. The company has to regularly review the data security and protection procedures in order to detect any weaknesses and take the necessary actions to avoid their occurrence.
6. The company should notify the Central Bank with any operation to penetrate its systems, and the procedures taken by the company to limit operational and associated legal risks.
7. The company should hold periodic meetings with groups of data and information providers and users to inform them about the company's activities, best practices in providing data and information, inquiring and obtaining credit reports and any other services provided by the company.

## **Part Two: Rules Organizing Data Exchange Between the Central Bank of Egypt, Banks, Mortgage Finance Companies, Financial Leasing Companies and Credit Bureaus**

In the framework of the rules approved by the CBE Board on April 26, 2005 regarding the credit registration system at the CBE, which include data exchange rules between the Central Bank of Egypt, banks, mortgage finance and financial leasing companies as per provisions of the law and its executive regulations, following are rules of exchange of data and information between the Central Bank of Egypt, banks, mortgage finance, financial leasing companies and Credit Bureaus related to the clients' debts and credit facilities offered to them, including definitions as follows:

### **First: Definitions**

1. Exchange: means, as per Article 99 of law no. 88 for 2003 and its amendments provision of data and information related to clients' indebtedness and credit facilities offered to them, between the Central Bank, banks, mortgage finance and financial leasing companies and credit bureaus, as well as inquiring and obtaining credit reports prepared by the latter, containing the clients' credit history, in addition to credit scoring reports.

2. Subject of exchange: data and information related to the clients' debts and credit facilities offered to them whether they are from natural or legal persons.
3. Data exchange parties: Central Bank, banks, mortgage finance, financial leasing companies and credit bureaus.

In accordance with Article 99 of law no. 88 for 2003 and its amendments, exchange of data and information with respect to clients' debts of banks, mortgage finance, financial leasing companies with the Central Bank and credit bureaus does not require the clients' consent, and this exchange is not deemed a breach of confidentiality or the nondisclosure provision stipulated in Article 97 of the law, being based in accordance with the law requirement and within the rules set by the Central Bank Board, provided confidentiality is maintained.

The exchange between credit bureaus and Central Bank, banks, mortgage finance and financial leasing companies will be in accordance with contracts between them in the capacity of data and information provider and user at the same time.

The rules regulating data and information exchange include providing data and information to credit bureaus and inquiring to obtaining credit report as follows:

### **Second: Provision of Data and Information**

Banks, mortgage finance, and financial leasing companies are mandated to provide data & information related to their clients' debts and credit facilities offered to them to credit bureaus and must comply with the obligations of the data and information providers stipulated in these rules with respect to:

1. Providing personal and credit data and information of their clients and updating them.
2. Bearing responsibility for the security and correctness of information and data provided to the company.
3. Dealing with consumers' complaints.

The CBE provides whatever data or information is available in its credit registration system, including negative lists whether they are available now or in the future regarding the debts and credit facilities offered to the clients of banks, mortgage finance and financial leasing companies for the following entities:

1. Natural persons.
2. Legal persons (clients) of banks, mortgage finance or financial leasing companies if their authorized credit is up to Egyptian pound one million.

### **Third: Inquiry**

The relation between the Central Bank, banks mortgage finance and financial leasing companies shall, in their capacities as users on one hand and credit bureaus on the other hand, be organized by the contract concluded between them which secure their right to inquire and obtain credit reports and benefit from the other services offered by credit bureaus. They are obliged to follow users obligations stated in these rules, in addition to the following:

1. Obligation to inquire and obtain credit reports which include the credit history of their clients before offering the credit, increasing, renewing or amending its terms, in addition to credit scoring reports.

2. The Inquiry must be conducted for one of the permissible purposes stated in the regulations organizing credit bureau operations.
3. Obligation to maintain the credit report in the client's file as a reference for follow up.
4. Chairmen, board members, directors and employees of banks, mortgage finance and financial leasing companies are prohibited to provide or disclose any information or data related to clients or their accounts or dealings that enable others to access them except in situations when it is legally permitted by the law. This prohibition applies to whoever receives or accesses directly or indirectly by virtue of his profession, job or work the referred to data and information.
5. Banks, mortgage finance and financial leasing companies must establish rules that ensure maintaining the secrecy of the data and information and adopt necessary measures to ensure compliance.

## **Part Three: Central Bank Supervisory System**

### **First: Central Bank Supervisory System**

The Central Bank of Egypt board is the entity legally designated to license and supervises credit bureaus. To this end, the Central Bank shall:

1. License credit bureaus and register them in a special register.
2. Establish the rules, terms, procedures of licensing of companies, their operating systems (*by-laws*), rules organizing data & information exchange of clients' debts and credit facilities of banks, mortgage finance companies, financial leasing companies with credit bureaus and the Central bank supervisory system over credit bureaus.
3. Review the forms prepared by the company and any amendments thereof, especially:
  - Sample contracts with data and information providers and users.
  - Authorization form of clients consenting to inquire about them and send their data/ information.
  - Credit report request form.
  - Credit report form.
  - Complaint form disputing the correctness of data or information.
4. Supervise the companies' activities with the purpose of following up the company's compliance with the law and rules and regulations issued by the Central Bank board in this respect.
5. Request data, information and credit reports that serve the purposes of overseeing and supervising the company's activities on the dates and as per the forms determined by the Central Bank.
6. Oversee and inspect the company's operations, in particular:
  - Operations rules and procedures manual prepared by the company
  - Review contracts signed with data providers and users.
  - Review inquiry requests of credit files.
  - Review the complaints received by the company, the procedures taken to examine such complaints, results and prepared statistical reports with respect to number, type and source.
  - Review the reports prepared by the company's compliance officer with respect to the violations of the operating procedures and rules and the laws and regulations issued by the Central Bank board.
7. Inspect the information systems of the company in order to ensure the system soundness, effectiveness in managing operating risks, by reviewing:
  - The structure of information systems
  - The rules and procedures operating manual.
  - The data protection and security systems.

### **Second: Penalties in Cases of Violation**

1. If there is evidence that a credit bureau violated the provisions of the law, its amendments, and decrees issued by Central Bank board with respect to the rules, conditions, and procedures of licensing, the company operating system, the rules organizing the exchange of data and information and ensuring their secrecy, and CBE supervisory system, the matter should be referred to the Central Bank board to take any of the following actions stipulated in clauses "a, e, g" in Article 135 of the law:

- Issue a warning
  - Request that the chairman of the company invites the board to meet to examine the violations attributed to the company and take necessary actions to remove them. The board of directors meeting shall be attended by a representative or more from the Central Bank.
  - Dissolve the board of directors and appoint a delegate to run the company for a period not exceeding six months, renewable for a further period. The delegate shall, during his term, propose to the company's General Assembly the election of a new board, merging with another company or liquidation.
  - The license granted to the company may also be withdrawn.
2. In accordance with Article 123 of the law, the credit bureau is subject to a fine not less than L.E. 10,000 and not exceeding L.E. 100,000 for whoever cheats or deludes in rendering inquiry or credit scoring services with the intention of facilitating provision of credit , apart from a sentence to pay the credit provider the equivalent sum of the unpaid credit which subjected the credit provider to damage because of the fraudulence or misrepresentation.
3. In accordance with Article 124 of the law anyone who violates articles 97 and 100 related to maintaining the secrecy of clients accounts and forbidding disclosure of information and data related to their accounts and their dealings shall be subject to imprisonment for a period not less than a year and a fine not less than L.E. 20,000 and not more than L.E. 50, 000

## **Attachment: Requirements and Procedures to License Credit Bureaus 3**

### **First: Requirements to obtain preliminary approval to incorporate the company**

An application should be submitted to the Central Bank's supervision and control department to obtain the initial approval to start procedures to incorporate the company. It should include and satisfy the following data and documents:

1. The name and address of the applicant.
2. The legal address of the company which will be used for correspondence.
3. Copy of the initial contract and draft of the articles of association, which includes the company's purpose, names of founders, their nationalities, addresses and share of each in the paid up capital.
4. A statement with the founders' previous experience in the field of banking and credit
5. The amount of the company's paid up capital, number of shares and the nominal value per share, in addition to the value of any in kind participation.
6. The company's duration.
7. A statement with the suggested name of the company in English and Arabic
8. The study prepared to incorporate the company including the activities and services provided by the company and its plan to make the services accessible in all the governorates & its policies in setting prices for its services, and the suggested organization chart.
9. The company's undertaking to:
  - a. Use the Arabic language in its correspondence
  - b. Appoint board of director's members and executive directors who have good reputation, eligibility, competence and practical experience.
  - c. Comply with the Central Bank, Banking sector and money law number 88 for 2003, its amendments, the existing regulations and the regulations and procedures issued by the board of directors of CBE that organize the company's operation while ensuring the secrecy of the data and information.
  - d. Provide any data, information or documents requested by Central Bank

The application will be presented to the Central Bank of Egypt's board of directors to take a decision within 30 days from the date of application provided the required information and documents are complete.

The necessary procedures to incorporate the company should be finalized within a year from the date of notification of CBE board of directors' initial approval. The validity period of the initial approval can be extended by a decree from the Central Bank of Egypt's Board of Directors.

### **Two: Rules and Requirements to obtain the License and Register the company with the Central Bank**

An application should be submitted to the Central Bank of Egypt's Regulation and Supervision department to obtain a license to engage in inquiry and credit scoring activities and register the licensed company in a special register at the Central Bank. The following documents are to be attached to the application:

1. The Central Bank's initial approval to incorporate the company.
2. The decree issued to incorporate the company.
3. A copy of the company's articles of association.

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<sup>3</sup> Approved by the Central Bank board 30 August 2005

4. Copy of the company's listing at the commercial register.
5. The address of its head office, branches and agencies, if any.
6. A copy of the minutes of the company's general assembly meeting appointing board of directors members, and the decrees issued by the board to appoint its chairman, managing director and/ or its responsible executive directors.
7. The names of and information related to the Chairman, board members, managing director, and/or responsible executive directors, and indication that each has the competence, efficiency and practical experience.
8. Evidence that none of the founders, board members or executive directors was bankrupt nor a final judgment issued against them to convict them with a criminal offense, a misdemeanor, a breach of trust or any crime referred to in the Central Bank , the banking and money law or the money laundering law.
9. Copy of the management and operation contracts, if any, which have been concluded with any other party or any memorandums of understanding in this regard, attached to it a statement with prior work and experience in the field of inquiry and credit scoring.
10. Sample documents that the company will use in its dealing with others.
11. Provide evidence that the company has the appropriate equipment and technological means to set up, operate and update the information database, provided that it satisfies the following:
  - a. Appropriate methods of communication to exchange data & information and security system for each communication method
  - b. System to materially secure the database site.
  - c. A documented manual for work procedures.
  - d. A plan to deal with disasters and retrieve information in emergencies to include a secure login system to the information database and an approved disaster recovery center
12. Undertaking to notify the Central Bank with every change in the company's articles of association, management & operations contracts, and any changes in the information provided at the time the company applied for initial approval or for registration
13. Undertaking to obtain prior approval from the Central Bank's board of directors when activities are suspended or the company is merged with another entity.

The application is to be presented to the Central Bank Board to approve the license for an inquiry and credit scoring company and register it in the special register at the CBE. The company should not start its activity before it is notified with the approval of the CBE's board of directors.