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MODERNIZING BUSINESS REGISTRY IN EGYPT: LEGAL- FUNCTIONAL ASSESSMENT

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MODERNIZING THE BUSINESS REGISTRY IN EGYPT: LEGAL-FUNCTIONAL ASSESSMENT

EGYPT TAPR-II: FACILITATING SERVICES FOR PRIVATE
SECTOR

TECHNICAL ASSISTANCE FOR POLICY REFORM II

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AUTHOR: MONIQUE COURCHESNE

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PRIVATE SECTOR

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1.0 Executive Summary

I. Background:

There is a large consensus among the commercial registry primary stakeholders:

- Ministry of Trade;
- General Authority for Investment and Free Zone (GAFI);
- Federation of Chambers of Commerce;
- Chambers of Commerce (CC);
- Judicial Courts;
- Tax Authority;
- Intellectual Property Office;
- Central Authority for Public Mobilization and Statistics (CAPMAS);
- Association of Lawyers;
- Accountants;
- Sole Proprietors;
- Partnerships; and
- Domestic and Foreign Companies

that a major reform with regard to the modernization of the Business Registry in Egypt should take place in the near future.

In Egypt, the business registration process is very difficult to understand; and for founders who wish to establish a small and medium-sized business, it is very difficult to determine which rules apply and where to find them. Those rules are subject to interpretation. Based on provisions within the Egyptian laws dealing with companies, a founder, representative or other interested party can never determine exactly when a proposed entity is becoming a legal personality or if this company could be terminated by external actions from administrative authorities. In addition, the cost of registering a legal entity in Egypt is very high.

Many reasons brought us to this above conclusions:

- There is no codification or unique legislation dealing with trade names and registration of different types of entities. For example: rules regarding trade names can be found in Law Governing Trade Name, No. 55/1951, Law on Commercial Register, No 34/1976, Law on Companies, No 159/1981 and Law on Public Business Sector Company , No. 203/1991;
- The cost for registering new businesses, not from the point of view of fees charged at the Business Registries, but for fees, memberships and costs charged by the Chamber of Commerce, GAFI, lawyers and Public Notaries' offices are very high. For example: the annual fee charged by the Chamber of Commerce is a percentage of the Company's issued capital and not a fixed amount;

- The Business Registry process is regulatory in a manner inconsistent with the market needs: it lacks transparency; it is ineffective; re-registration in each governorate in case of opening branches for the headquarters in Cairo, description of business activities is not in accordance with International Statistical Industrial Classification (ISIC) Code, registration and compilation of all documents, at the Business Registry, is poorly done and maintained, entries in the forms and in the ledgers are done manually and hand written; protection of archives is almost non-existent; lack of staff manuals and lack of training for employees and managers, etc.;
- Infrastructure is almost non-existent (and/or poorly maintained) coupled with lack of IT equipment and software;
- The Trade Names Journal is not published in accordance with the law;
- Internal and external communication problems are real; and
- Data produced are not reliable for statistical and economic analysis needed to underpin policy-making issues and is not provided in conformity with legal requirements.

II. Conclusions:

The modernization of the business registry would facilitate and accelerate the registration of sole proprietorship, partnerships, domestic and foreign companies. In addition, it would stimulate private sector investment and creation of jobs in Egypt.

The **Vision of this Reform** should be based on the following elements:

- Streamlining and reduction of unnecessary regulations and government interference in the private sector. (e.g.: Eliminate discrimination among foreign and domestic companies, and the need to get the participation of an Egyptian for the establishment of a legal entity.)
- Reducing administrative barriers (resulting in cost and time saving) to the establishment, and the operation of the companies in Egypt.
- Starting business immediately after the company receives its certificate of registration.
- Responsiveness to the needs of local business and foreign investors.
- Transparency which promotes confidence in fair resolution of commercial transactions.
- Timely access to information and services through the use of web technologies; and
- Coordination with other (projects) efforts which impact this area, including Smart Center (Alexandria), Industrial Parks Development, Intellectual Property Rights, etc.

Those principles, should guide us to the **Key Results Area**:

- An approach and plan for reserving and approving company's names and registering companies that will result in broad registration in Egypt and introduce business identification with links to the Tax Authority, Judicial Courts and Central Authority for Public Mobilization to be developed in conjunction with the Ministry of Trade and the Registrar of Company.

- A web page application for reserving /approving company's names and registering companies which includes a searchable database of all registered companies, and can track companies through the registration process to be designed and developed.
- A process for reserving and approving companies and registering companies that is cognizant of the computer registration system and compliant with new registration procedures and forms to be developed and implemented, including a comprehensive public education and outreach training program that encourages business to register companies efficiently and quickly in Egypt.
- A document archiving system to be developed to maintain all documents that a company has to submit from time to time to the Business Registry.
- The Registration application to be implemented in the Registrar's office, and the required IT equipment to implement the system to be procured and installed.

III. International Best Practices

Those key Results are in conformity with the approach taken by European countries in order to modernize their business registration to be more efficient administratively, electronically, and from an accessibility point of view rather than legalistic and paper driven forms of registration.

A 2002 study for the European Commission observed that: "Considerable progress has been made in improving the process of administering business start-ups." In particular, many Member States have¹:

- Improved the administrative efficiency of current procedures by introducing Single Access Points and statutory response times ("silence is consent" rules);
- Switched from a system based on authorization to a system based on self-certification; reduced the number of licenses or approvals; and reduced the number of procedures;
- Enhanced the involvement of users through the use of the internet to provide information, improvements in the availability of information for entrepreneurs; the mapping of all procedures and licenses; the provision of information electronically; and consolidation of information into a single source;
- Reduced the scale and complexity of the documents required to establish new businesses by reducing the number of procedures, using single registration numbers, using "off-the-shelf" companies as default option, using notification and self-certification rather than authorization, removing and reducing mandatory qualifications for all entrepreneurs; reducing requirements for announcing the formation of new entities; simplifying Business Names legislation;
- Reduced the level of mandatory costs reducing the level of minimum capital, especially for private limited companies."

¹ European Commission, Enterprise Directorate General (January 2002) *Benchmarking the Administration of Business Start-ups, Final Report*. Prepared by the Centre for Strategy and Evaluation Services (CSES), Brussels, p.25

A new IT System for business registration, in Egypt, should be designed having the capacity of producing as many reports as requested by the CAPMAS or other governmental agencies or ministries as long as the requested data is included in the registration forms.

According to the Council Regulation (EEC) No 2186/93 of 22 July 1993 on Community co-ordination in drawing up business registers for statistical purposes which states that:

“ Business registers for statistical purposes are a necessary tool in keeping track of the structural changes in the economy brought about by such operations as joint ventures, partnerships, buy-out, mergers and takeovers” and requires that Members States “set up for statistical purposes one or more harmonized registers.”

Business Registries are playing a major role in corporate disclosure in Egypt. In this regard, a modern Business Registry would have to take into consideration the Best Practices on disclosure of documents during the development of a new IT System.

On May 2004, the Commission adopted a new Directive with regard to disclosure (Directive of the European Parliament and of the Council amending Council Directive 68/151/EEC, as regards disclosure requirements in respect of certain types of companies).

Article 2 of this Directive states that “Member States shall take the measures required to ensure compulsory disclosure by companies of at last the following documents:

- (a) The instrument of constitution, and the status if they are contained in a separate instrument;
- (b) Any amendments to the instruments mentioned in (a), including any extension of the duration of the company;
- (c) After every amendment of the instrument of constitution or of the statutes, the complete text of instrument or statutes as amended to date;
- (d) The appointment, termination of office and particulars of the persons who either as a body constituted to law or as a member of any such body:
 - (i) are authorized to represent the company in dealings with third parties and in legal proceedings;
 - (ii) take part in the administration, supervision or control of the company. It must appear from the disclosure whether the persons authorized to represent the company may do so alone or must act jointly;
- (e) At least once a year, the amount of capital subscribed, where the instrument of constitution or the statutes mention an authorized capital, unless any increase in the capital subscribed necessitates an amendment to the statutes.
- (f) The account documents for each financial year, which are required to be published in accordance with Council Directives 78/660/EEC, 83/349/EEE, 86/635/EEC, and 91/674/EEC.
- (g) Any transfer of the seat of the company;
- (h) The winding up of the company;
- (i) Any declaration of nullity of the company by the courts;

- (j) The appointment of liquidators, particulars concerning them, and their respective powers, unless such powers are expressly and exclusively derived from law or from the statutes of the company;
- (k) The termination of the liquidation and, in Member States where striking off the register entails legal consequences, the fact of any striking off.

The main features of the IT Application and rules with regard to the disclosure that the Member States have to comply with include:

- **Electronic filing:** Member States are required to make the filing of company documents and particulars by electronic means (Electronic Means is defined as the use of computer at both ends of the communication channel, and therefore does not include means like telephony, ordinary faxes and telexes. Members States are not prevented from allowing the use of such means, by companies when they file their documents and particulars and/or by interested parties when they seek to obtain a copy, in addition to electronic means.) Possible from 1 January 2005. From that date, companies must be able to choose between filing by paper means and filling by electronic means. Where filing takes place by paper after 1 January 2005, Members States will have to ensure that documents and particulars filed are systematically converted by the register to electronic form in order to be kept in the file or entered in the register.
- **Electronic retrieval:** Applicants can choose between paper means and electronic means, with regard to the application submitted and the delivery of copies of documents and particulars. Member States may decide for practical reasons that documents and particulars filed up to December 2004 will not be obtainable by electronic means if they have been filed by paper means more than 10 years before the date of the application.
- **Fees for copies:** Electronic and paper copies must be obtainable at a price not exceeding the administrative cost.
- **Certification:** Paper copies are normally certified as “true copies”, but the proposal does not require electronic copies to be systematically certified because such a provision might lead to high cost whereas electronic copies are requested most of the time for information purposes only. Electronic copies supplied shall not be certified as “True copies”. However, if the applicant explicitly requests such a certification, certification of electronic copies will be based on use of an advanced electronic signature, as defined in Article 2 (2) of Directive 1999/93/EC5, to guarantee the authenticity of their origin and the integrity of their contents.
- **Electronic publication:** The national gazette can be kept in electronic form, although the reference to a publication in the national gazette has not been removed from the Directive. Members can replace publication in the national gazette with equally effective means, subject to the provision of a central and chronological access to company information, which is the main function performed by a national gazette. This can be done through access to an electronic database.
- **Third language:** To improve cross-border access to company information and make sure that translations can be relied on by third parties, companies can disclose documents and particulars, in addition to the mandatory disclosure made in the language permitted in their Member State, in any official language

(s) of the Community on a voluntary basis. In cases of discrepancy, third parties acting in good faith are duly protected.

- Penalties: Member States shall provide for appropriate penalties in case of failure to disclose the accounting documents required.”

IV. Recommendations:

In developing or modernizing the new IT Business Registry in Egypt to facilitate and increase reservations and approvals of company’s names, domestic and foreign companies’ registrations at the Business Registries’ offices or on-line, searches for specific company’s information, many legal and IT decisions will have to be taken by the Registrar and Ministry of Trade and Industry.

In addition, it will be very important to get a firm commitment from the Ministry of Trade regarding the development and implementation of this project and to get precision about the authority of the Registrar in this process for establishing a modern business Registry, including all best practices.

Short-Term (October 2006 to March 2007)

Proposed Steps and Timetable for Business Registration Reform for Coordinator and Legal Advisor.

<i>Activities/Steps</i>	<i>Oct. 06</i>	<i>Nov. 06</i>	<i>Dec . 06</i>	<i>Jan. 07</i>	<i>Feb. 07</i>	<i>Mar. 07</i>	<i>Deliverables</i>
Commitment of Ministry of Trade to BR Reform / Role and authority of Registrar	X	X					Agreement among Ministry of Trade, Registrar, USAID and TARP II officials
Prepare Implementation Plan (IT-Legal-Training-Public Education & Institutional Development)	X	X					Implementation Plan including all components of the project (Legal, IT, Training, Public Education, and Institutional Development)
Prepare and draft Ministerial Decrees, forms & Instructions		X	X	X	X	X	Drafted forms, instructions and Ministerial Decrees
Prepare and draft modifications to Laws (If needed)			X	X	X	X	Proposed modifications of Laws
Get agreement with Federation of Chambers of Commerce, Tax		X	X	X	X	X	Agreement on their needs/changes of procedures; and development of IT

Authorities, CAPMAS, Trademarks office, Judicial Courts and others							interfaces (If needed)
Prepare, distribute and analyze a survey to appraise infrastructure, workload and staff (number of employees, competence and qualifications).		X	X	X			Prepare report and take decisions about infrastructure and staff with regard to BR needs, work and training
Determine the new business functional and system requirements (In collaboration with IT advisor)			X	X	X	X	Report on results/recommendation to the Registrars
Revised with and get formal Registrar's approval on the proposed documents (Implementation Plan, Ministerial Decrees, Forms, instructions and survey) and on functionalities and requirements of the new system	X	X	X	X	X	X	Final documents on legal and administrative matters and on new business functionalities and requirements
Continue consultations/workshops with business community across Egypt (If needed)	X	X	X	X	X	X	Report on Needs Analysis/Recommendations
Provide management training courses to BR officials	X	X	X	X	X	X	Increase capacity ingbuild

More Specific Proposed Steps and Timetable for the IT component of the Business Registration Reform is attached in Annex 1.

Political agreement by the Ministry of Trade and Registrar on timing, principles, and main elements of the structure of new institutional arrangements (new premises, interfaces with others organizations, for example: Judicial Courts, Trademark Office, Tax Authority, GAFI, Federation of Chamber of Commerce, Chambers of Commerce, CAPMAS, etc.), in parallel with agreement with donors on financing arrangements For example: get funding for procuring and purchasing some IT equipment, software and hardware, etc.

We should also continue consultation/workshops with the business community across Egypt and start immediately providing management training to Managers, Assistant-Managers and Chiefs of Sections of the Business Registry in order to increase their effective capacity.

Long-Term (April 2007 to End of Project)

With regard to the work that would have to be done from April 2007 to the end of the implementation of the new IT-BR System (or end of TARP II), a proposed work plan is included at the end of this Report as well as to the attached IT Report in Annex 1. No specific time is indicated since we need more precision about the development and implementation of this project.

2.0 Introduction

Even though some improvements are being made, the current registration process in Egypt is a barrier to the efficient creation and registration of business. In their Report for 2007, World Bank ranking for starting a business in Egypt is 125 out of 176 measured. Unregistered businesses are not part of the formal economy. In order to make registration easier and accelerate the process, a number of issues need to be explored and a set of actions needs to be proposed and implemented that would make it possible so to streamline, simplify and reduce the time for registering businesses. These activities can be regrouped in the following way:

- **Legal and Regulatory Framework:** Make current core legislation and accompanying regulations consistent with international best practice. Ensure that revised legislation adequately supports different types of business registration, that the information to be provided is not cumbersome, and that the process of registration is done in a set timeframe and provides proper sharing of information with other Government interested parties. The current system in Egypt still functions as a regulatory and control systems suited to a control economy, rather than a streamlined information system compatible with a market economy. This is in part due to an outdated comprehension of the purpose of business registration, which does not differentiate sufficiently between the rules needed to create an enterprise and the rules to operate an enterprise. (For example: In Egypt, a series of inspection has to take place by and before the Chamber of Commerce issues a license for practicing business. It is a similar situation for the companies established under the Law on Investments. However under this Law, the General Authority for Investment and Free Zone (GAFI) provides a temporary license in order to allow companies to immediately start their operation.)
- **Processes and Administrative Requirements:** review forms and accompanying filing instructions with a view to simplify the information requirements and make the requests more user-friendly and self-explanatory. At the same time, review the various steps in the registration process with a view to unifying and simplifying the process as much as possible. (For example: website public information, on-hand pamphlets, brochures, etc.)
- **Better use of modern technology:** improve the registration process by:
 - Providing greater access to on-line registration,
 - Implementing the creation of a unified database that can be accessible by relevant administrators of the system,
 - Assisting in modernizing the methods for accessing the system, including
 - Improvement to the traditional access with web page, and
 - Development or improvement of an internet access system (which would allow business entities to register business electronically with the possibility of printing registration certificates and mailing those documents to the Registry along with fees receipt), including as may be needed, the development of both electronic file payment and electronic digital signature on applications.

- Providing assistance in improving IT maintenance and support of the Business Registry department,
- Legal, management and IT training: developing a training plan and providing training on: the application of any new legislative and regulatory changes; project management principles, performance and productivity management, and making process improvement and changes; and on the maintenance and support of the system, and
- Assist in developing a public education campaign on the simplified methods for registering companies, and the benefits (rather than detriments) of formalizing business registration major stakeholders.
 - Review and document the existing organization for the Business Registry.
 - Identify and document all relevant legislation and regulations that are associated to the business registration system.
 - Review and document the current procedures/rules for reserving a trade name and for registering a sole proprietorship, general and limited partnerships, cooperative societies, public juridical persons, and domestic and foreign companies.
 - Assess the application of the new provisions on the registration of companies against current legislation and regulations.
 - Identify and propose a set of short-term recommendations for simplifying forms, better documenting information to be provided, streamlining processes, and removing key impediments to the operation of an efficient system.
 - Conduct consultations with the interested parties, such as: Officials of the Business Registries, Federation of Chamber of Commerce, Chambers of Commerce, Bar Association, GAFI and others to identify key issues in registering companies.

Organizational

- Analyze current structure of the central and regional registration offices and make recommendation on standard best practice.
- Support Institutional Development.
- Develop a work plan for the modernization of the business registration system.

Taking into consideration all components and elements that have to be considered for the improvement and the modernization of the Business Registry and the time limit for producing this report, it was agreed among the involved parties that its content will be limited to the following tasks:

- Describe and assess the mechanisms for reserving/approving names and registering sole proprietorship, general and limited partnership, cooperative societies, public juridical persons, and domestic and foreign companies.
- Assess the current laws' provisions, and instructions for reserving a trade name and for registering sole proprietorship, general and limited partnership, cooperative societies, public juridical persons, and domestic and foreign companies.

- Identification of impediments for their registration and set of recommendations for improving the system.
- Conduct a series of workshops in Cairo and in Alexandria with relevant parties on provisions of the Commercial Register Law, Law on Company and other related laws that impacts on the reservation of trade names and registration of the above legal entities.

Note: In this report, the expression “Business Registry “and “Commercial Registry” has the same meaning.

English translation of the Egyptian laws referred in this Report has been done by the Middle East Library for Economic Services. There is a serious need to re-translate the content of those laws in good grammatical English.

3.0 Overview of the Business Registry

In Egypt, economic activity is regulated by twenty-six governorates as well as by the Central Government. The country actually counts seventy Business Registries situated in different governorates. Since the economic activity is bigger in Cairo and in Alexandria, there are five business registries in Cairo and four in Alexandria.

The Minister of Trade has the authority to establish business registries when it considers necessary through Ministerial Decree.

Business registration falls within the jurisdiction of:

- Law on Commercial Registry No. 34/1976, and its two Ministerial Decrees;
- Law of Company No. 159/1981 as amended by Laws Nos. 230/1989, 212/1994, 3/1998, 159/1998 and 94/2005, and its Ministerial Decree;
- Law of Investment Guarantees and Incentives No. 8/1997, as amended by Laws Nos. 162/2000, 13/2002, 13/2004, 91/2005 and 94/2005; and
- Law on Public Business Sector Companies Sector No. 203/1991, as amended by Law No. 149/2001.

An individual or a company can establish a business in Egypt in many ways:

1. Individual wishing to practice trade in a retail store (sole proprietorship).
2. General and Limited Partnerships.
3. Joint Stock Companies, Limited Liability Companies and Partnership Limited by Shares whatever purpose thereof may be under the Law of Company (No. 159).
4. Joint Stock Companies, Limited Liability Company and Partnership Limited by Shares for investment fields under the Law on Investments (No.8).
5. Public juridical persons practicing commercial activities by themselves.
6. Cooperative societies practicing commercial activities.
7. Foreign Branches.

The registration and attached documentation differ depending on the type of entity and whether it is organized under the Law of Company, the Law of Investments or others. However, the general procedure for registering an entity is found in the Commercial Register Law. In Egypt, there is no codification on the reservation or approval of trade names or on the registration of legal entities. Some organizations have already developed some pamphlets but they are far from being completed. Usually they are referring only to a particular aspect of the registration process or requirement.

Actually, officials of the Business Registry estimate that about 3 millions companies are registered in Egypt of which about 100,000 have registered trademarks. The most popular type of company registered at the Business Registries is the sole proprietorship, the general and limited partnerships and Joint Stock Companies. The major sectors of activities are commercial rather than industrial.

Since we are doing an overview of the registration process in order to find out more about the Business Registry in Egypt, we decided to raise some key questions.

1. Do the Egyptian Business Registries meet International Standards with regard to the disclosure information?

Business Registries are playing a major role in corporate disclosure in Egypt. A lot of information, through the registration record, is available to the public. For example, all information printed on the Registration Application, the Contract of the Company, the Deed of Association, different kinds of court judgments affecting a company, and information regarding the sale and mortgage of stores.

In this regard, a modern Business Registry in Egypt would have to take into account and to ensure that Best Practice on disclosure of documents during the development of the new IT System is applied and that they are available to the public electronically.

For example: If required financial reports by certain types of company are not submitted on time to the Business Registry, a new IT system should be able to identify in one of its reports, the companies that are not complying with the requirements of the law. A new IT system should also be able to enter important information required by domestic law, such as: judgments required to be recorded in companies file for reasons of bankruptcy, separation of partners, and perhaps establish a search system for these.

On May 2004, the European Commission adopted a new Directive with regard to disclosure (Directive of the European Parliament and of the Council amending Council Directive 68/151/EEC, as regards disclosure requirements in respect of certain types of companies).

Article 2 of this Directive states that “Member States shall take the measures required to ensure compulsory disclosure by companies of at least in the following documents which are not all requested by the current Business Registry in Egypt:

- The instrument of constitution, and the status if they are contained in a separate instrument;
- Any amendments to the instruments mentioned in (a), including any extension of the duration of the company;
- After every amendment of the instrument of constitution or of the statutes, the complete text of instrument or statutes as amended to date;
- The appointment, termination of office and particulars of the persons who either as a body constituted to law or as a member of any such body:
 - a. are authorized to represent the company in dealings with third parties and in legal proceedings;
 - b. take part in the administration, supervision or control of the company.It must appear from the disclosure whether the persons authorized to represent the company may do so alone or must act jointly;

- At least once a year, the amount of capital subscribed, where the instrument of constitution or the statutes mention an authorized capital, unless any increase in the capital subscribed necessitates an amendment to the statutes.
- The account documents for each financial year, which are required to be published in accordance with Council Directives 78/660/EEC, 83/349/EEC, 86/635/EEC, and 91/674/EEC.
- Any transfer of the seat of the company;
- The winding up of the company;
- Any declaration of nullity of the company by the courts;
- The appointment of liquidators, particulars concerning them, and their respective powers, unless such powers are expressly and exclusively derived from law or from the statutes of the company;
- The termination of the liquidation and, in Member States where striking off the register entails legal consequences, the fact of any striking off.

2. Is registration in the Business Registry done electronically or manually?

Across the country, the company registrations are done manually and this is a requirement supported by law.

The Ministerial Decree No. 946/1976 of the Law on Commercial Register states that all business registrations, amendments or annotations should be written, in different colors of ink, in the records of the Business Registry. Legally, if we want to establish a new IT system for the registration of companies, we will need to amend the related provisions of this Ministerial Decree.

However, as mentioned in the Report on “Egyptian Business Registry IT Assessment” prepared by William Zuellig (TARP II, IT Specialist) on August 16, 2006, cf. page 3, some efforts at computerizing companies’ registrations took place in the past; but without success:

“The Commercial Registry has had IT systems in place since the late 1990’s. Beginning in 1996 with design, and continuing into 1999, 70 CR offices were installed with a registry system. This will be referred to as the original system in this assessment. IBM performed its design, programming and installation under contract with the CR. The original design was to provide a stand alone operating environment at approximately 70 CR offices throughout the country, with dial up network connections to transfer data to and from a central site where a consolidated central registry database could be maintained. Hardware was procured and software was developed to support the business registry.

By 2003 many of the 70 offices were no longer using the system. Today over 90% of the offices do not use any part of the original system and now process registration transactions manually. This has meant that the central database no longer is current, and cannot be relied on to provide valid information to the various stakeholders. This gap in not using the automated system may be from several months to a year or more, depending on the office. The reasons provided for no longer using the system include:

- Lack of a maintenance contracts for the software, resulting in unresolved problems, which led to users no longer using the system.
- Lack of a maintenance contract for hardware, resulting in non-functioning hardware not being fixed, and a system that no longer could be used.

- Incomplete training of Business Registry IT to support the system, both software and hardware. Without complete training the IT department could not provide support and maintain the software and hardware.
- Unreliable dial up network links to the central site, resulting in many of the offices operating independently from the central data processing center, and in some instances operating independently of the central site's processes and procedures."

3. What kind of forms and instructions are used for registration?

At least nine forms are used for registering a legal entity or doing other particulars requested by laws. Those forms or requests are the following:

- Registration for a Sole Proprietorship;
- Registration for Companies;
- Registration for a Branch of a Domestic Company;
- Registration for a Branch of a Foreign Company;
- Incorporation of a Company;
- Amendment of Articles of Association of Companies;
- Renewal of Company Registration Number;
- Print out from commercial registry ledger; and
- Other forms for office use.

Best Practice recommends that we use only four forms. However, in fact, we know that this number can be higher as is mentioned in the Report of the European Community with regard to benchmarks. Information with regard to the EU benchmarks is discussed at the end of this Report in the Chapter: Conclusions.

4.0 Reservation/Registration Process of Trade Names

Even if there is a Law No. 55 (1951) Governing Trade Names, this law does not regulate the trade names of all legal entities. The Law of Company also rules the trade names of Joint-Stock Companies, Limited Liability Companies and Partnerships with Shares and adds some elements that are requested to be taken into consideration in determining names of future legal entities.

4.1 Sole Proprietorship

Articles 1 and 2 of Law No. 55 (1951) Governing Trades Names states the following with regard to the trade name used by a sole proprietorship:

“Any person exclusively owning a trading post should take his/her personal name as a major component of the trade name. In this case, the trade name must not include any indication that the trading post is owned by a company.

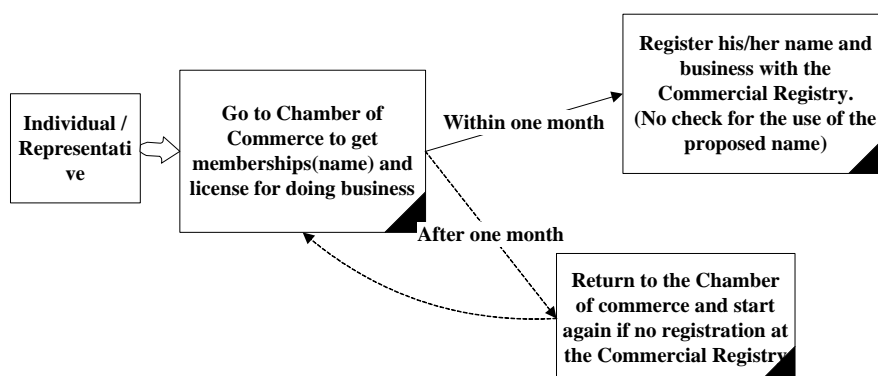
Trade names may include information about the persons involved or related to the type of trade. ...”

For the sole proprietorship, the trade name is: His/her name plus nature or type of business activities.

Here is described below the Process Map for using/registering a trade name for sole proprietorship. The only action is to go to the Chamber of Commerce and to register the name. Officials of the Chamber of Commerce and of the Business Registry told us that there is no control for trade names, they do not check if this name is used or not either at the Chamber of Commerce or at the Business Registry.

Figure 1 Process Map: Reservation of Trade Name for Sole Proprietorship
(His/her name plus nature of business activities)

Existing Process:



4.2 General and Limited Partnerships

Law No. 55 (1951) Governing Trade Names is the only law that deals with the structure of Trade names for general or limited partnerships. Articles 4, 5 and 6 state that:

“The previous article applies to trade name of General Partnerships, Partnerships Limited by Shares, Limited Liability Companies and Limited Partnerships if their trade names contain the names of partners or others.....

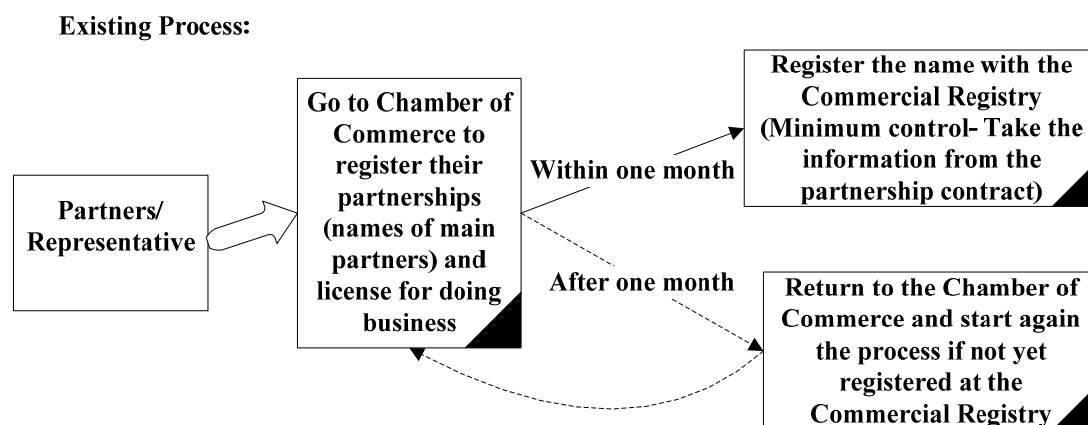
The title of a General Partnership is considered to be its trade name and the General Partnership reserves its right to keep its primary title unchanged if a new partner joins. Titles of Limited Partnerships and Partnerships Limited by Shares and titles or names of Limited Liability companies can serve as their trade names.

In General Partnerships, the name of partners leaving the partnerships should not be kept in trade names even if the partner or his/her beneficiaries approve of it. This does not apply to company names that indicate family relations if the relations are maintained between two or more partners after the partnership had been dissolved provided that one of the remaining partners bears the same family name registered for the company name”.

For the general and limited partnership, the trade name is: Main partners’ names plus the word “partners”.

Here is described below the Process Map for using/registering a trade name for general and limited partnership. Again as it is the case for the sole proprietorship, the only action is to go to the Chamber of Commerce and to register the name. Officials of the Chamber of Commerce and of the Business Registry told us that there is no control for trade names; they do not check if this name is in use or not either at the Chamber of Commerce or at the Business Registry.

Figure 2 Process Map: Reservation of Trade Name for Partnerships
(Use names of the two main partners plus word "partners")



4.3 Joint Stock Companies, Limited Liability Companies and Partnerships Limited by Shares (Subject to Companies Law No. 159)

Law No. 55 (1951) Governing Trade Names and Law of Companies No. 159/1981 and its Executive Regulations are dealing with trade names for companies subject to Law No.159. Provisions of those laws are not necessarily in contradiction but in order to choose a trade name for a company, a founder or representative has to examine the provisions of those laws. Some provisions written in the Executive Regulations are also a repetition of what you find in the Law.

Article 4 of Law No. 55 states:

“The previous article applies to trade names of General Partnerships, Partnerships Limited by Shares, Limited Liability Companies and Limited Partnerships if their trade names contain the names of partners or others. As for Joint Stock and Limited Liability companies that have their trade names derived from the trade type, they must distinguish their names from other names already registered under the Trade Registry Offices.”

Articles 2, 3 and 4 of Law No.159 mentions with regard to different trade names that can be used by the proposed legal entities, the following:

“...The company (*Joint Stock Company – note from the author*) shall have a trade name to be derived from the object of its establishment. The company may not use the partner’s names or the name of any of them as title thereof.”

“....The company’s title (*Partnership Limited with Share - note from the author*) shall consist of one or more of the joint partners’ names to the extension to the exclusion of others.”

“...The company (*Limited Liability Company - note of the author*) may use a name for its own and such name may be derived from its object and its title may include the name of one partner(s).”

Then, Article 5 deals also with the application of trade names and states:

“The joint stock company shall have a trade name derived from the purpose of its establishment. Such a company shall not use the names of the partners or one of them to be its same name.

The partnership limited with shares shall have its name taken from one or more of the joint partners exclusively.

The company shall not adopt a name similar or identical to that of any other existing company or in a way that causes confusion as regards the type or nature of the company.”

Consequently, the trade name for a Joint Stock Company is derived from the purpose of its establishment; for the Limited Liability Company and Partnership Limited with Shares, it can be a name taken from one or more of the joint partners exclusively.

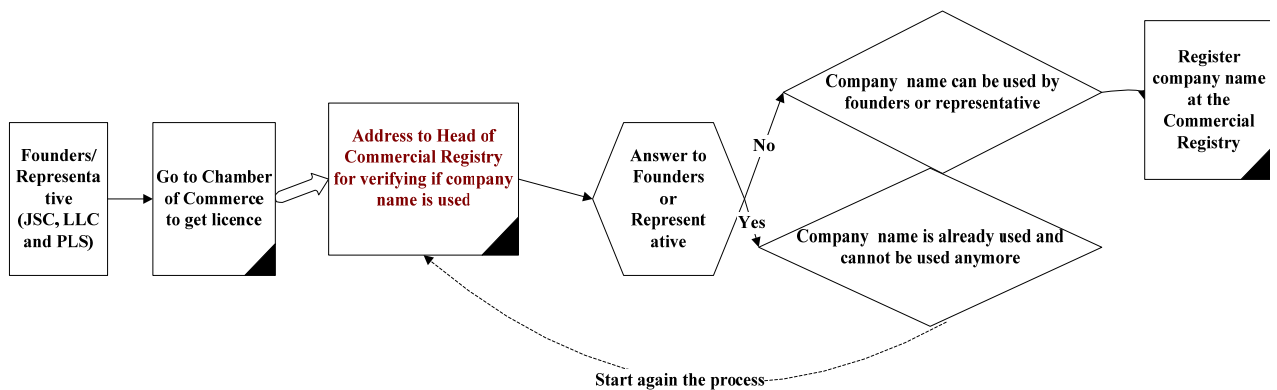
The trade name can not be identical or similar to one that exists already in the Commercial Registry or cannot cause confusion.

Here is described below the Process Map for using/registering a trade name for Joint Stock Company, Limited Liability Company and Partnership with Shares. Again as is the case for the sole proprietorship, the only action is to go to the Chamber of Commerce and to register the name. Officials of the Chamber of Commerce and of the Business Registry told us that there is limited control for trade names. They check if this name is used or not either at the Chamber of Commerce or at the Business Registry.

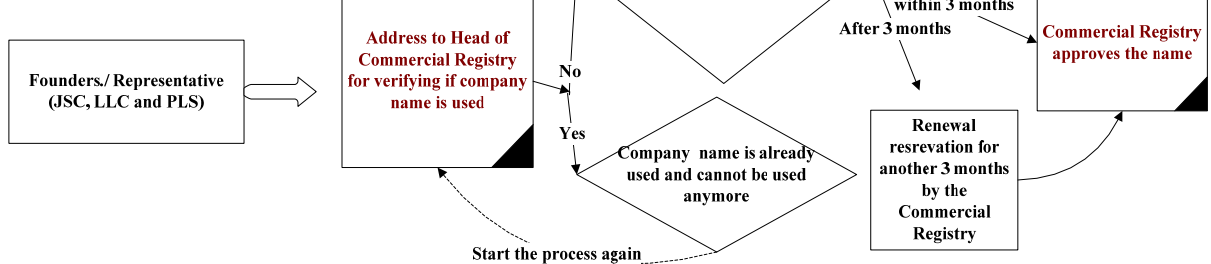
We will discuss the proposed process in the section regarding “Comments and Recommendations”.

Figure 3 Process Map: Reservation of Trade Name for Joint Stock Company (derived from the purpose of its establishment), Limited Liability Company and Partnership Limited Company with shares (name taken from one or more of the joint partners exclusively) (Under Law 159)

1) Existing Process



2) Proposed Process:



4.4 Joint Stock Companies, Limited Liability Companies and Partnerships Limited by Shares (Subject to Investment Law No. 8)

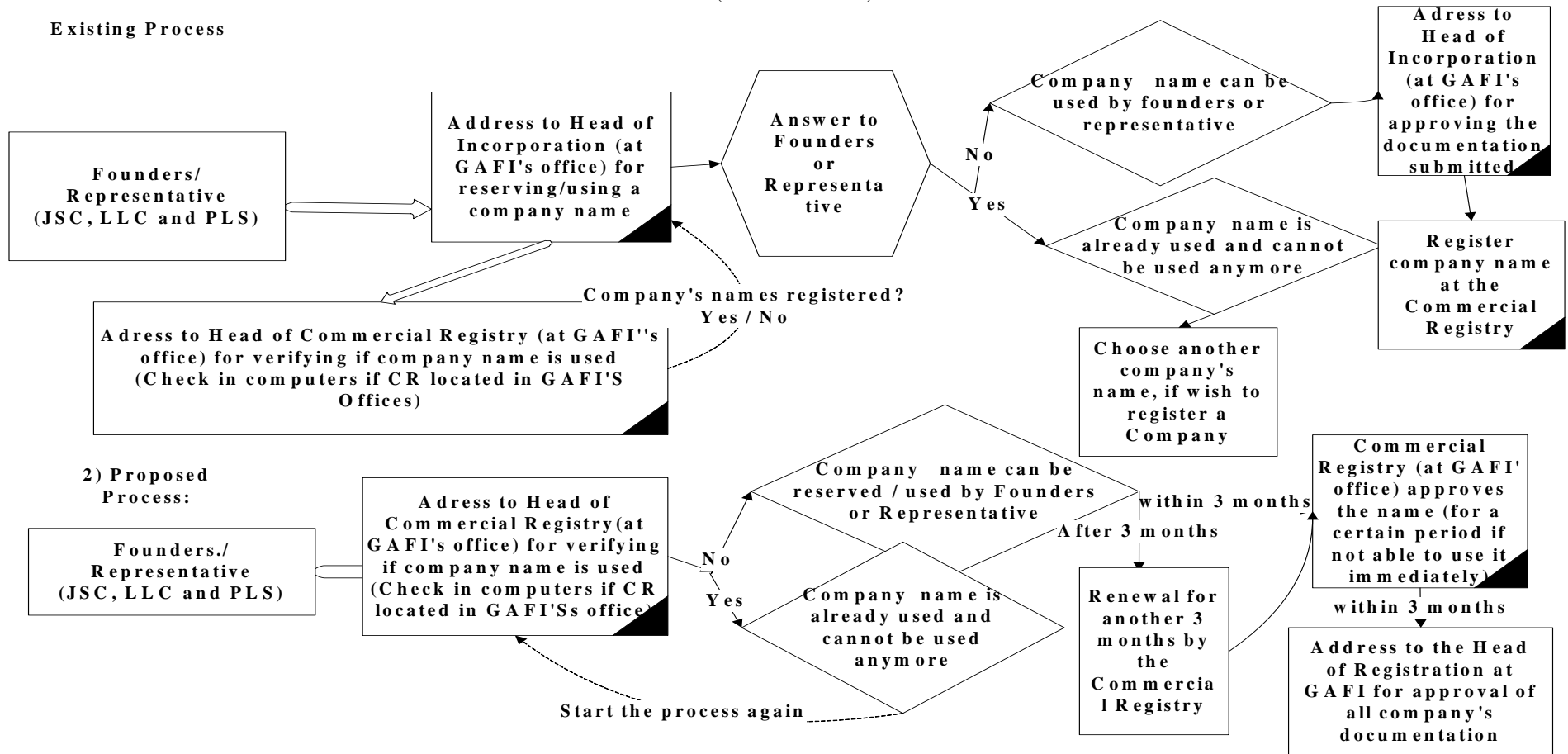
Fortunately, we did not find any provision with regard to the structure of trade names for the proposed legal entities subject to Law No.8.

We interpret this “silence “as having provisions of the Law No. 55 (1951) Governing Trade Names and Law of Companies No. 159/1981 and its Executive Regulations, that are dealing with trades names for companies subject to Law No.159, also applying to companies subject to Law No. 8.

Companies subject to Law No.8 do not need to register with the Chamber of Commerce for practicing business. With regard to the proposed option regarding the approval of trade name for companies subject to Law #8, we suggest to eliminate the participation of GAFI and to let the founder or representative deals directly with the Business Registry to eliminate steps in the reservations and approval of trade names.

See figure 4 on next page: Process Map: Reservation of Name for Joint Stock Company(derived from the purpose of its establishment),Limited Liability Company and Partners Limited Company with Shares(name taken from one or more of the joint partners exclusively) .

Figure 4 Process Map: Reservation of Trade Name for Joint Stock Company (derived from the purpose of its establishment), Limited Liability Company and Partnership Limited Company with shares (name taken from one or more of the joint partners exclusively) (Under Law 8)



4.5 Branch of a Foreign Company

Part 6 of the Law of Company No. 159 is dealing with ‘The Representative Branches and Offices of Foreign Companies in Egypt’. However, this part does not mention anything about trade names used by foreign branches or offices in Egypt.

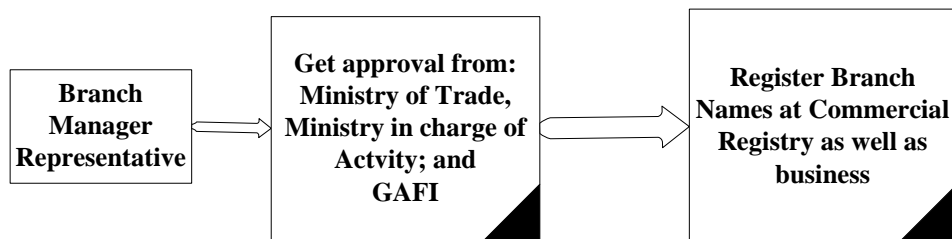
Officials of the Business Registry told us that the general rule that applies in Egypt is to keep the same name as the Parent Company. Representatives of the branch or office of the foreign company may also request to include in brackets ‘Egypt’.

For a foreign branch or office, the trade name is: same than foreign company with the option to add: ‘(Egypt)’.

Branches and offices of foreign companies do not need to register with the Chamber of Commerce before going to the Business Registry. There is no obligation to register with the Chamber of Commerce for those entities.

**Figure 5 Process Map: Reservation of Trade Name for Foreign Branch's Name
(Register the same name than Foreign Company)**

Existing Process:



4.6 Cooperatives Societies

It is very difficult for us to make any specific comments on Cooperatives Societies. We were not able to get information about the generic law that creates them. Our comments are based on discussions with officials of the Business Registry.

However, some provisions of Law 33/1976 on Commercial Registry related to cooperative Societies. For examples:

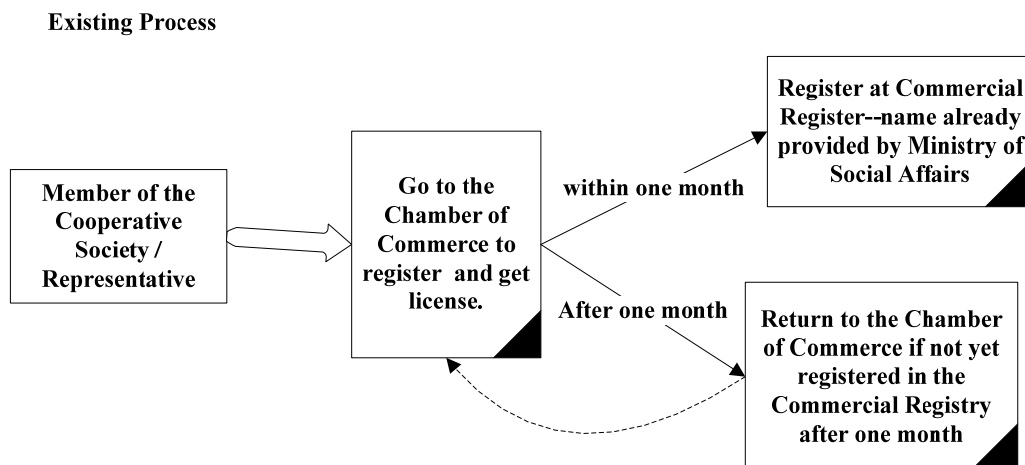
Article 1 Para. (4): On entities that must be registered in the registry.

Article 14 Chapter 3: On what to be published in the trade name journal.

Article 15 (3): On what data to be published in the trade name journal: Name (not trade name) of the cooperative society.

For the cooperative societies, the trade name is the same as the cooperative societies. (This information is provided by officials of the Business Registry)

Figure 6 Process Map: Reservation of Trade Name for Cooperatives Societies Practicing Commercial Activities
(Register name of the Cooperative Association already registered with the Ministry of Social Affairs)



4.7 Public Juridical Persons

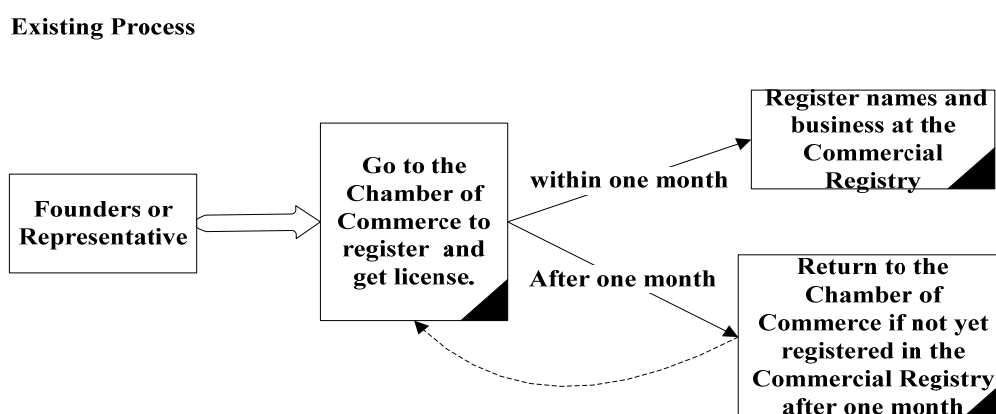
Article 1 of Law No. 203/1991 on Public Business Sector Companies deals with the trade name for the public juridical persons. It is written:

“A decree shall be issued by the Prime Minister upon a proposal by the concerned minister, authorizing the incorporation of the holding company ... The holding company shall take the form of a joint stock company, and shall.....and the decree issued for its incorporation shall specify its name,.....”

Then, the trade name of a public juridical person is always the name attributed in its decree.

This public juridical person has also to be registered with the Chamber of Commerce and since it is a joint stock company, it is subject to the Company Law No. 159.

Figure 7 Process Map: Reservation of Trade Name for Public Juridical Persons (Register name written in President Decree)



4.8 Comments and Recommendations

Two major comments can be made about the trade names.

How can a Chamber of Commerce and a Business Registry verify if a trade name is used, similar or creates confusion with another one used in the same governorate or in another governorate when those two organizations do not have an electronic unique database or a (manual) unique database to check the proposed trade name? We know that the ledgers are poorly maintained in the majority of the Business Registries.

How can a founder or representative check by himself that a proposed trade name is not used, similar or in confusion with another trade name where one of the obligations of the law regarding the publication all the trade names in the Trade Name Journal is not respected. Articles 1, 2 and 3 of the Decree No. 279 (1951) By-Law of Public Declaration of Trade Names and Article 15 of the Ministerial Decree No. 946/1976 of the Law No. 34/1976 on the Commercial Register require that all trade names, approved during the month, be published at the end of the month. The Trade Name Journal is rarely published.

We recommend changing the process for clearing the trade names once the IT system is in place and it is the decision of the Registrar and the Minister of Trade.

Currently the matter relating to securing the use of a trade name is mainly handled by the Chamber of Commerce. Sole proprietorship, partnerships and some legal entities ultimately have to register with the area Chamber of Commerce, but the process for getting preliminary approval for the name, which a founder or representative wants to use when establishing a legal entity could be done through the Business Registry, as of course is the registration of the company if a new process for reserving and approving trade names and registering companies was established..

In a new situation, if a founder or representative should like, but it would not be an obligation to reserve a name in advance, but he/she could simply submit the registration application to establish the company, and the business Registry would check his/her name against those registered or reserved for other companies, and see that it meets other criteria regarding permissible company names.

It would also be possible to reserve the trade name first, and this might sometimes be wise: for example: if the application to establish the company was rejected because of the name, the founders might have to change again and sign the company contract, which has to include the name and must be submitted with the application to establish the company.

Name reservation could be valid for a specific period of time (e.g.: three months) and could be renewed for another specific period until the company is established. In any case, after the company is established, it would still be necessary to register at the Chamber of Commerce and pay a “small” fee there. Problems should not arise since Sole Proprietorships, General and Limited Partnerships, Partnerships with Shares, Limited Liability Company, Joint Stock Company, and Cooperatives for business purposes, Public Juridical Persons and Foreign Branches and Offices have to be registered at the Business Registry.

In such a new system of reservation and approval of trade names, the Registrar would have to take the decision if he permits pre-establishment trade name reservation through the old system by the area Chamber of Commerce and under which a Chamber of Commerce certificate showing name approval or reservation was submitted to the Business Registry along with the registration application to register the company.

5.0 Issues, Comments and Recommendations on Trade Name Law

Law No. 55 deals with trade names used by Sole Proprietorship, General Partnership, Partnerships Limited with Shares, Limited Liability Company and Limited Partnerships and Joint Stock Companies; while provisions of the Decree deal only with the Trade names' publicity in the official gazette called "The Trade Names Gazette".

Comments can be found below regarding the major issues relating to trade names that are found in this Law as well as the Decree.

Issue - Registration and Publicity of Trade Names

Based on Articles 3 and 4 of this Law regarding the use of trade names and publicity, it is stated that:

"If the trade name was registered in the Commercial Register and was publicly announced in compliance to the executive charter regulations, no other trader may use the same name for the type of trade that he/she is doing in the same registration office circuit. If the name or family name of a trader is similar to another trader's name that is already registered, he/she should add a name that distinguishes him/her from the registered name. This applies to the trading post's new branches.

The previous article applies to trade names of General Partnerships, Partnerships Limited by Shares, Limited Liability Companies and Limited Partnerships if their trade names contained the names of partners or others. As for Joint Stock and Limited Liability Companies that have their trade names derived from the trade type, they must distinguish their names from other names already registered in Trade Registry offices."

Then, Article 10 of this Law notes that: "Offices of Commercial Register will notify trading post owners whose trade names are registered with this law in order to make the necessary changes in case of discrepancies with its regulations. Applications for amendments are submitted within three months of the date of notification."

Comments/Recommendations:

Based on those Articles, it is essential to notice that the restriction regarding the use of a same or similar trade name applies only in the same registration circuit, probably in the same governorate.

If it is the case, our interpretation is that the use of a same or similar trade name can be used at least 26 times as long as this trade name is used in a different governorate, even if it is the trade name of an important company in one of 26 governorates.

In Egypt, with regard to the registration of sole proprietorship, partnerships or others, in almost all cases, founders have to go to register the proposed entity with the Chamber of Commerce (CC) and get a license. They have to provide to the CC the trade name that they will use. It seems that in the CC, the trade names' control is

minimal or non-existent, almost no exchange of information among the CC's of the same governorate or others is taking place. In the majority of CC's, there is no access to computers, faxes or telephones.

Then when the founders, who are registered at the CC, submit their registration application with their trade names at the Business Registry, the same scenario appears, no or almost no check is done by officials of the Business Registries.

The use of the same trade name seems to be reduced in the case of companies or partnerships that are registered under the Law of Investment No. 8. The four Business Registries established in GAFI offices have established a basic electronic database of trade names. Consequently it decreases the multiplicity of same trade names used by legal entities subject to Law No. 8.

It is troublesome to see that a sole proprietorship, partnerships or companies can be notified by officials of the Business Registries for amending their trade name where founders had been through two different safeguards with regard to the trade names.

The implications are enormous with regard to the cost that they invest for payments to the CC, lawyers, public notaries, stationary, publicity, etc.... Who is liable? The sole proprietorship, partnerships or companies. From which asset should we pay creditors, should we use personal assets of the founders? Should we consider responsible CC (fees and memberships) or commercial Registries' officials who accept the trade names? How can we blame the founders when the Trade Names Gazette is not published in conformity with the Law and there is no way for the founders to know if the name is reserved or not?

To avoid such problem, we recommend that a new IT system be developed including a unique database for reserving and approving trade names and registering sole proprietorship, partnerships and companies. This new IT system should contain a search function for trade names already approved or reserved for a limited period of time.

A new Ministerial Decree should be issued to reflect those changes with regard to reservations and approval of names. The way the proposed reservation and approval of trade names could be processed is described in the map process proposed above for reservation/approval of trade names.

We also recommend that the Trade Names Journal be published in conformity with the Law until a new IT system be established. Where this is also the case, we could continue either with the publication of this Gazette and the search functions of the new IT System for trade names or abolish the "paper" publication when the IT System the full search function for trade names is developed.

A decision should also be taken about the role of the CC at the beginning of the process for the registration of a company. Is it necessary that their involvement be at the beginning? If not, as we found in other countries where we established a new and modern Business Registry, we should discuss with CC officials (or with officials of the Federation Chamber of Commerce) in order to get an agreement between the CC

and the Commercial Registry to the fact that the registration at the Chamber of Commerce could be done later in the process.

If their main concern, as expressed during the workshop, is to receive the memberships and licenses fees, we can establish a mechanism where both parties will be satisfied and where the business community will win and work in a safe administrative environment. Once registered, a legal entity should be able to start doing business and participate in the economic development of Egypt.

6.0 Registration Process

The registration process in Egypt is very difficult to follow; it is not “clean and clear”. It differs depending on the type of entities you want to register. In addition, it seems that requirements of the Law are not always implemented or are implemented differently depending on the Egyptian practice or fund available at the Business Registry for applying the provisions of the law. For example, the Business Registry is supposed to send a renewal notification to companies interested one month preceding expiration of the five years of the first date of entry or of the date of the last renewal. In practice, it is not done due to the lack of funds.

You will find in this Chapter a process map of registration or recording of the sole proprietorship, partnerships, cooperatives, branches and different types of entities based on the articles of the Laws.

We will take into consideration what is done in practice and analyze the reasons only if and when we will start developing requirements for the new IT System.

6.1 Sole Proprietorship/General and Limited Partnerships/ Cooperatives Societies/ Public Judicial Persons.

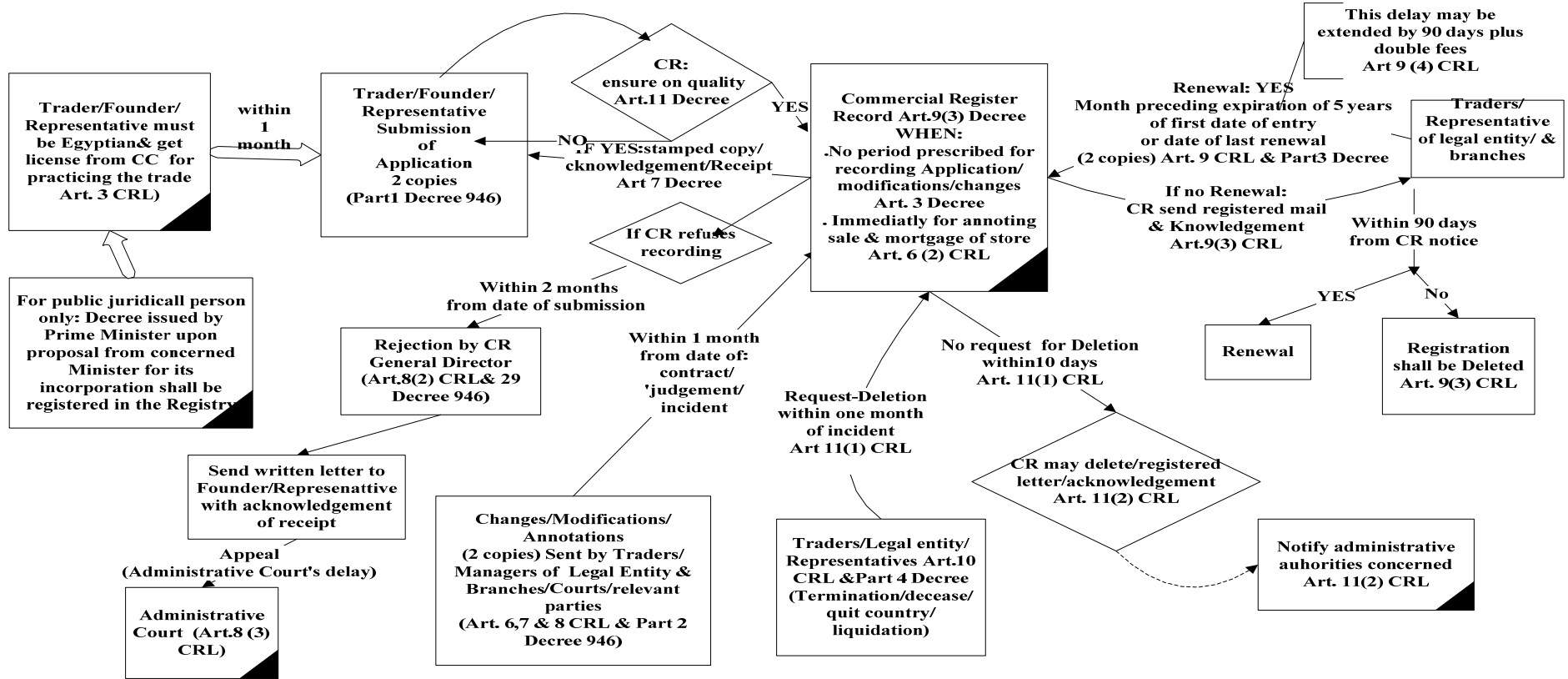
The registration of Sole Proprietorship, General and Limited Partnership and Cooperative Societies and Public Juridical Persons are subject to rules set in the Commercial Register Law.

The Public Juridical Person is also subject to those rules. However, in practice some of those provisions do not apply since this type of company is subject to the Public Business Sector Companies Law. The authorization to create this type of company starts with a decree issued by the Prime Minister upon proposal by the relevant minister authorizing the incorporation of the holding company. The decree issued for the incorporation of the company as well as its statutes shall be published in the Egyptian Wakayeh and shall be registered in the Business Registry.

As you can see from the process map, notification shall be done, in case of deletion, by the Business Registry to the administrative authorities concerned. Since there is no definition in the Commercial Register Law with regard to those authorities, we believe that they are the Tax Authority, Social Affairs, etc.

See figure 8 on next page: Process Map: Registration of Sole Proprietorships/General and Limited Partnerships/ Cooperative Societies/Public Judicial Persons.

Figure 8 Process Map: Registration of Sole Proprietorship/ General and Limited Partnerships/Cooperative Societies / Public Juridical Persons (Existing Process)



6.2 Joint Stock Companies, Limited Liability Companies and Partnerships Limited by Shares (Subject to Investment Law No. 159)

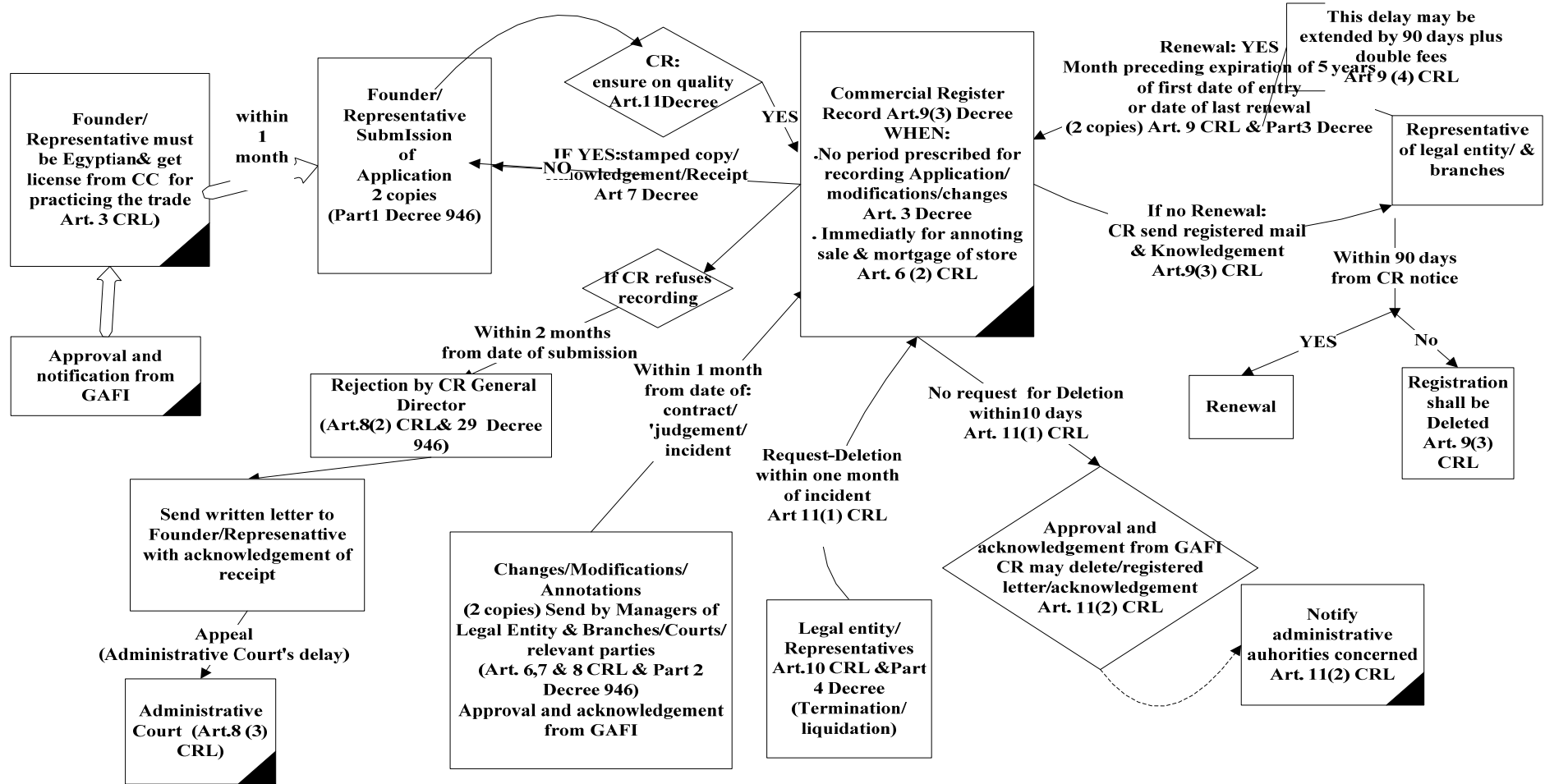
The registration of legal entities: Joint Stock Companies and Partnership with Shares subjected to Law No.159 is similar to the registration of Sole Proprietorship, General and Limited Partnerships, Cooperatives Societies and Public Juridical Persons.

The exception is when they fall in the fields of satellites, issuing newspapers, removing sensing systems or activities of non-governmental organizations. The procedure to follow is described in Articles 17, 18 and 19 of the Law. In those cases, the procedure is very complex and is raising legal interpretation, application and implementation as you will be able to appreciate from that process map.

Joint Stock Companies, Limited Liability Companies and Partnerships with Shares are subject to Law No.159 only if they are not legal entities dealing with investments. If the legal entities are in the sector of investments, they are regulated by Law No. 8.

See figure 9 next page: Process Map: Registration of Joint-Stock Companies, Partnerships with Shares and Limited Liability Companies (Without including exceptions)

Figure 9 Process Map: Registration of Joint-Stock Companies, Partnership Limited by Shares and Limited Liability Companies (Under 159) (Existing Process)



6.3 Joint Stock Companies, Limited Liability Companies and Partnerships Limited by Shares (Subject to Investment Law No. 159 - Exceptions)

As mentioned previously, Articles 17, 18 and 19 of the Law No.159 deal with legal entities operating in specific areas such as: fields of satellites, issuing newspapers, removing sensing systems or activities of non-governmental organizations; and are the exceptions to Law No. 159 due to their sectors of activities which required some specific documents and approvals (e.g.: Cabinet approval). In those cases, the procedure is very complex.

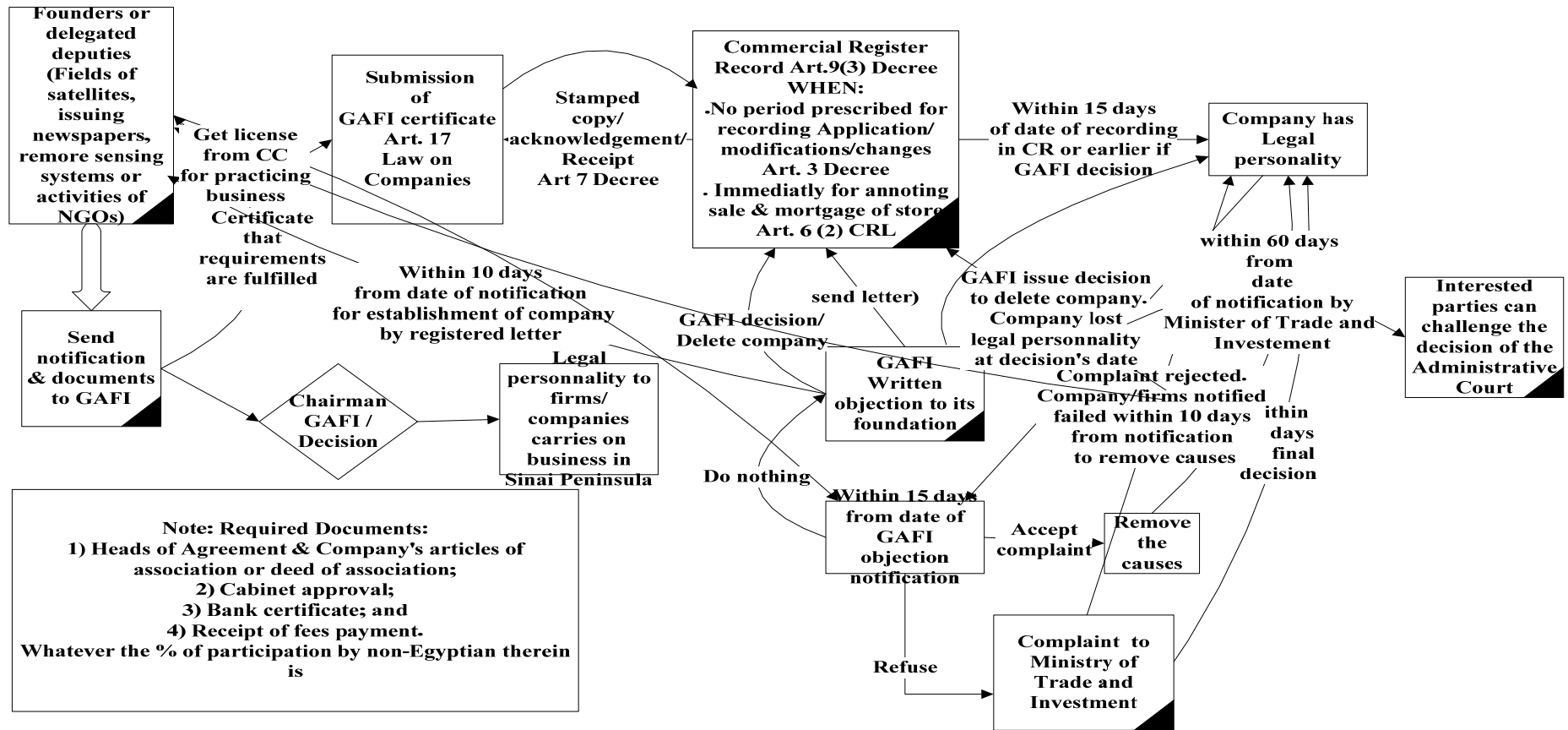
In addition, the competent authority in this case GAFI retained its right to object to the registration (even if previously they gave approval) or the deletion of the company if some of the causes enumerated in Article 18 are not corrected by the founders or the company. This is so, even if previously this same organization (GAFI) verified all documentation provided by founders or representatives, gave authorization, and provided a certificate to the effect that all requirements were fulfilled.

Under those provisions, GAFI is not liable for any acts accomplished by the legal entity when the proposed company has acquired its legal personality. Article 19 states that founders are responsible on their private property and funds. What is the meaning or value of being “limited”?

We seriously believe that there is a loophole here and those articles should be modified or deleted.

See figure 10 on next page: Process Map: Registration of Joint-Stock Companies, Partnerships with Shares and Limited Liability Companies (With exceptions)

Figure 10 Process Map: Registration of Joint-Stock Companies, Partnership Limited by Shares and Limited Liability Companies (Exceptions: Articles 17, 18 and 19 of Law # 159) (Existing Process)



6.4 Joint-Stock Companies, Limited Liability Companies and Partnerships Limited by Shares (Subject to Investment Law No. 8)

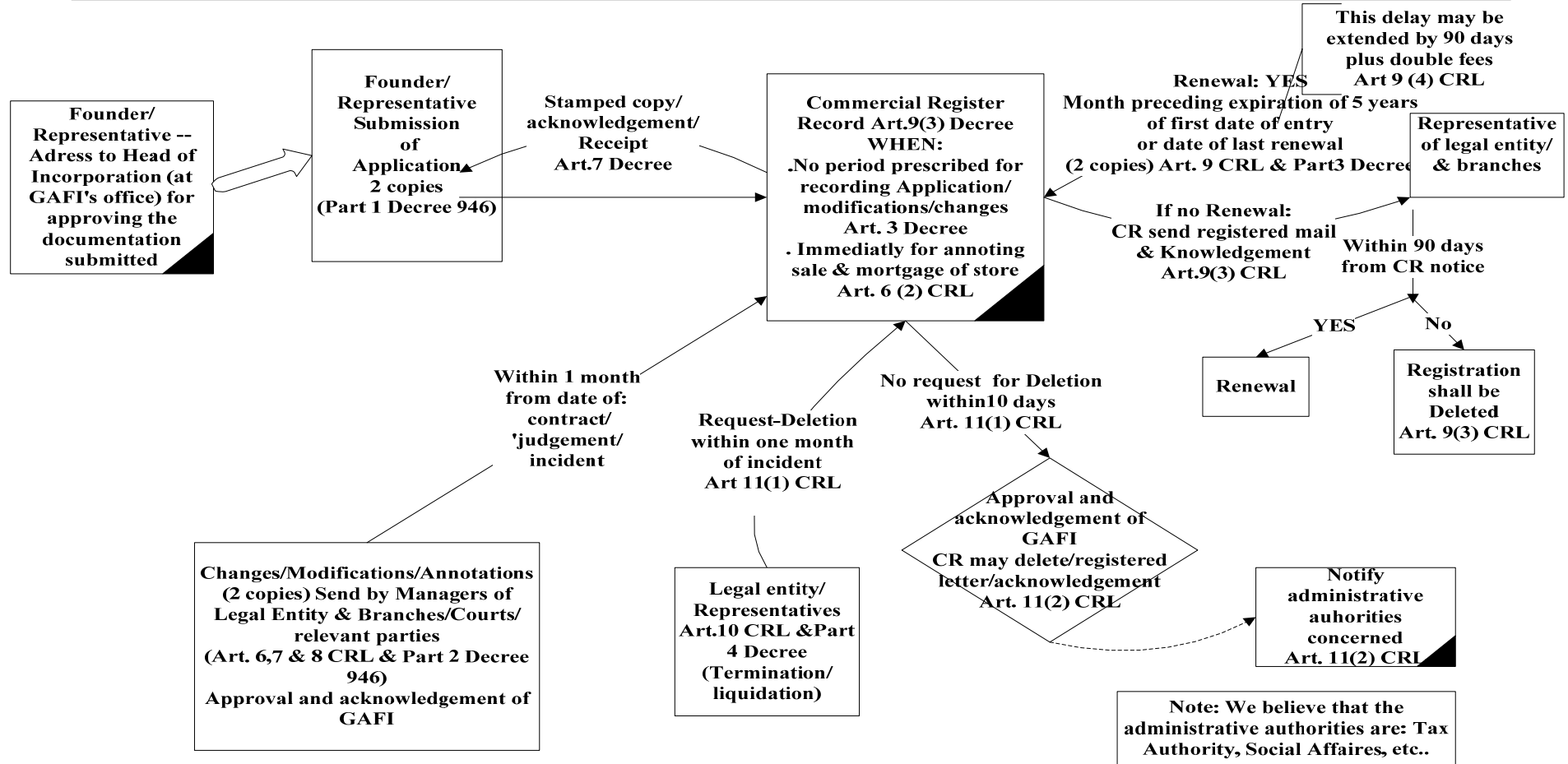
Provisions of Investment Law No. 8 apply to all companies and installations carrying on business in the sector of investments in Egypt. Before starting the process of registration of a Joint Stock Company, a Limited Liability Company and a Partnership by Shares, founders or representatives should get the approval of their documents by GAFI. Then only, they can record their proposed entity at the Business Registry. For recording their legal entity, founders and representatives are subject to provisions of the Commercial Register Law.

GAFI is the exclusive administrative entity concerned with applying the provisions of the present Law, and the Law on Joint Stock Companies, Partnerships Limited by Shares and Limited Liability Companies as promulgated by Law No. 159.

Companies subject to the provisions of Law No. 8 are also subject to the provisions of Law No. 159 as long as those provisions are not in contradiction with the ones of Law No. 8. In practice, it means that managers of those companies have to deal with requirements of two laws instead of having to deal with provisions of only a consolidated law.

See figure 11 on next page: Process Map: Registration of Joint-Stock Companies, Partnerships with Shares and Limited Liability Companies.

Figure 11 Process Map: Registration of Joint-Stock Companies, Partnership Limited by Shares and Limited Liability Companies (Under Law 8) (Existing Process)



6.5 Branch of a Foreign Company

In Egypt, there are two different kinds of branches and offices of foreign companies. The ones that are subjected to Law 43/1974 which need the approval of GAFI to be registered in the Business Registry; for example foreign banks; and others, whom the purpose is not investment but having contracts or subcontracts with the Egyptian government, and that need approvals only from the Minister of Trade and the Minister responsible of their activity to be registered in the business registry and for doing business in Egypt.

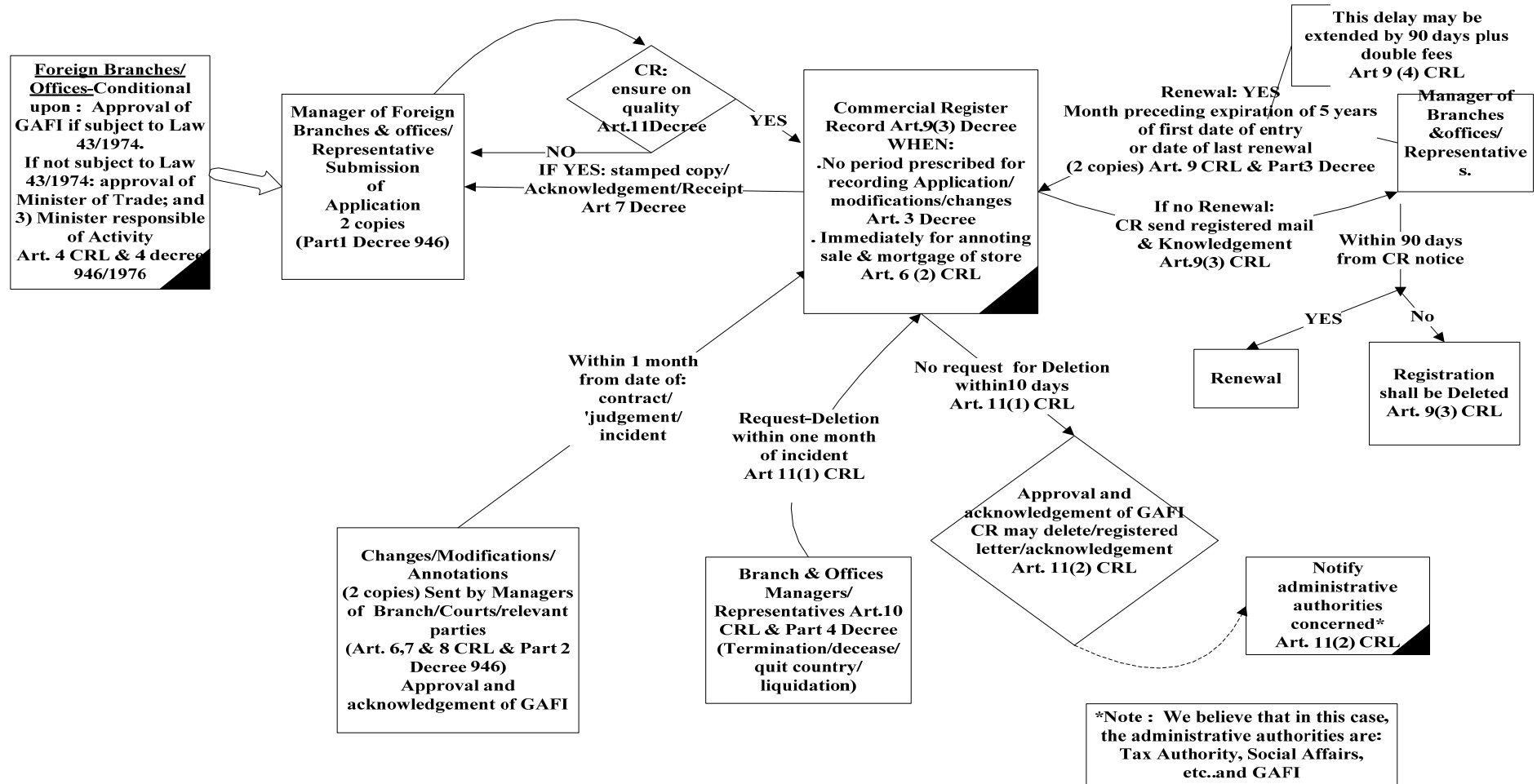
Once registered in the Business Registry, the rules of the Commercial Register apply to them.

In the process map that we prepared for branches and offices of foreign companies, Article 11 (2) of the Commercial Register Law raised one question since it is not defined in the Law who are the administrative authorities concerned to whom the Business Registry has to send a notification. We believe that once the deletion of the company is done from the record, the Business Registry has to notify the Tax Commission, the Social Affairs, etc. that this company does not exist anymore. Some officials of the Business Registry argue that it is GAFI who has to notify the Business Registry that the branches or offices cease to exist. Both approaches can be realistic. However, the last one is not illustrated in the process map for registration of foreign branches and offices of foreign companies.

It is also important to point out that we did not include in this process map the authority of the Registrar to refuse to record a registration application since we believe that once approvals from either GAFI or the two Ministers in charge is received, the authority of the Registrar to refuse an application does not exist since provisions of specific laws supersede provisions of general laws. In addition, it is the Minister of Trade who has the authority to make a Ministerial decree for the implementation of this Law.

See figure 12 on next page: Process Map: Registration of Foreign Branches and Offices of Foreign Companies.

Figure 12 Process Map: Registration of Foreign Branches & Offices (Existing Process)



6.6 Comments on the Registration Process

Taking into consideration the European Commission benchmarks and best practice on registration of new businesses and what can be achieved in Egypt, you will find below my recommendations.

- Decrease the number of registration forms and forms for other purposes (e.g.: Renewal forms) used at/by the Business Registry
- Simplify the legal requirements and codify the registration requirements in one law as well as those requirements for the reservation and approval of names
- Publish a set of detailed and concise rules for the registration of legal entities and the cost of registration
- Introduce a system whereby public authorities can recognize legal entities by a single identification number across Egypt
- Ensure that government departments avoid introducing duplicated or superfluous forms and/or contact points
- Set a clear target in terms of the deadline for the processing of a legal entity's requests, get registration completed and the granting of licenses or authorizations (e.g. For the time needed to complete all necessary mandatory procedures, the benchmark is one to three days)
- Introduce, where appropriate, a system whereby an application is deemed to have been automatically granted if the administration has not responded within the fixed deadline
- Use information technology and database as much as possible for the transmission and authentication of information submitted and/or the exchange of information between public authorities

7.0 Issues, Comments and Recommendations on Commercial Registry Law

The provisions of the Commercial Registry Law and of the two Ministerial Decrees No. 946/1976 and No. 354/1996 regulate the role and activities of the Commercial Register as well as the types of companies and procedures and requirements that must be followed in order to register a company in this Register. Certain types of companies such as: Joint Stock Companies (JSC), Limited Liability Company (LLC) and Partnerships Limited with Shares (PLS) are also subject to the provisions of the Laws of Company and of Investments as well as of their Executive Regulations.

There are 70 Commercial Registries across Egypt and four at GAFI that apply provisions of the Law on Investment No 8/1997 dealing with companies that are engaged in investment.

In order to analyze and make comments about the content of the Law on Commercial Register No.34/1976, we will raise a series of issues on the application of provisions of this Law, comments and proposed solutions for some of them.

Issue No. 1- Type of companies registered in the Commercial Registry:

Based on Articles 2 and 3 of this Law, only the following domestic companies can be registered in the Commercial Registry in Egypt:

1. Individuals wishing to practice trade in a retail store (sole proprietorship);
2. Simple and general partnerships;
3. Joint stock companies (JSC), Limited liability companies (LLC) and partnerships limited with shares (PLS) whatever the purpose thereof or requirements of other legislation they may be subject to;
4. Cooperative societies practicing commercial activities;
5. Public juridical persons practicing commercial activities and
6. Foreigners (Article 4) and branches and offices of foreign companies.

Comments/Recommendations:

The main store, branch, agency or the head office of the domestic company must be recorded in the Business Registry to the domicile of each of them. Under the International best practice, founders or representative register the company at only one place and in only one register. If branches and agencies are implemented in different places in the country, this information is sent to the Business Registry where the company is registered.

The fact of having commercial registers in different locations must be for facilitating the process and speed of registration of companies in Egypt and not to add more administrative requirements/burden and cost for officials of the companies doing business in this country.

Registration of the Company should be done only once (plus renewal) in the Business Registry where the Head or Main office of the company is situated. If we add

branches or offices in other governorates, we should only modify the data of the registration of the company to make those additions.

Issue No.2- Licenses from the Chamber of Commerce

Article 3 of this Law states: “Whoever shall be recorded in the Commercial Register must be Egyptian, obtaining a license from the competent Chamber of Commerce for practicing the trade.”

Comments/Recommendations:

From the interpretation of this Article, we can assert that a license is needed from the Chamber of Commerce for practicing the trade. We should discuss with officials of the Federation Chamber of Commerce the opportunity of obtaining this license after the registration of companies.

Issue No. 3- Public Information about the Company

Article 5 of this Law states that: Every person recorded in the Commercial Register must put on the board....his trade name, the number of his registration in the commercial register, and the Register Office in which he is recorded.”

Comments/Recommendations:

In a country where such a requirement is requested for showing it to the public, a copy of the Certificate of Registration which contains important information about the company is maintained close to the cash register, in the window of the main entrance, or to the public view.

We are not aware of any formal Certificate of Registration that is issued after the completion of the registration of company. To make sure that the company is registered and the process of registration is completed, a Certificate of Registration should be issued.

Issue No. 4- Changes or Modifications to Data Recorded and Insertion of Judgment in the Commercial Registry

Article 6 states : “ Every person....must require,.., the insertion in the commercial register of any change or modification occurring on the recorded data within one month from the date of the contract, or judgment, or incident requiring that.” And

Article 7 mentions that: “shall send a copy of each judgment within one month from the date of its issue to the competent commercial register office for its insertion in the commercial register.”

Comments/Recommendations:

If the commercial registry’s records are supposed to maintain the “updated biography of the company” and to be always accurate, a specific time period for the inclusion of

the changes or modifications or insertions of the judgments described in Article 7 should be written precisely in those two articles.

Without this obligation, shareholders, creditors or interested parties would never be sure about the veracity of the Commercial registry's records.

In addition, in those two articles there is no mention of acknowledgement from the part of the Commercial Register's officials that they have received those documents. They may always claim that nobody received it at the commercial register if the information that they are providing from their records are not accurate at a specific time. Someone has to be responsible.

Issue No. 5 – Rejection of Application for Registration or Annotation.

Article 8 states: “The office of the commercial register may ask the applicant to submit such documents as may corroborate the validity of the data of the application. The office may also reject the application, if the conditions stipulated in the Law and its executive decrees are not fulfilled.within two months from the date of its submission.”

Comments/Recommendations:

This Article is not precise enough. Firstly (and based on the English translation), the office of the commercial register may not ask to the applicant for anything, only officials responsible for processing the application can ask for some specific documents.

Secondly, those documents should be identified in the Law. For example, if they need to attach to the registration application a certificate from the commercial banks stating that the capital has been deposited, it should be clear that this document is requested.

Thirdly, officials of the Business Registry do not have to check the validity of those documents. Their role should be restricted to ensure that the rules for the registrations are followed and requested documents submitted.

Let shareholders and creditors deal with the validity of those documents and sue the founders or representative if they made mistakes. If it is not the case and if the commercial registry's officials are responsible to check the validity, they must also be responsible if there is false information entered in the records of the company. We should remove this obligation of checking the validity of the data of the application and identify clearly attached documents to the registration application that are needed to support the application. Where those documents are attached, officials of the Business Registry should process the application as soon as possible.

Issue No. 6: Renewal every 5 years from the date of the registration or the last renewal.

Based on our visits to three Business Registries, we do not believe that this renewal system is applied in conformity with the provision of the Law. The way that the renewal process is described in the Law required a very good filing system. In

addition, the Business Registry needs to send a notice of renewal to the company few weeks before the end of the five years. Up to now the process is delayed (or not done properly) since they need more money to accomplish this task.

Comments/Recommendations:

The fact that the Law requires updating the information every five years is excellent and allows the commercial registry to clean the database. However, without a good IT system, it is very difficult to apply.

Issue No. 7: Extract of the Registration Page or Certificate or Declaration of Non-Registration.

Based on our visits to the Business Registries, concerns were raised with regard to the maintenance and veracity of documentation kept in the Commercial Records.

The way that the records are kept in certain cases in the archive does not allow officials to retrieve the full information about the company. Many pages are torn, missing, dirty, etc...or almost impossible to read.

Comments/Recommendations:

The Business Registry needs better records or tracking system for documentation submitted to them.

In the interim, some shelves should be bought and conditioning systems to preserve the records should be installed.

The optimum would be to transcript all the information stored in the archive to an electronic system as soon as possible and to keep a backup. A new IT Commercial Registry could also solve this problem.

Issue No. 8: Trade Names Journal

The Trade Name Journal should publish all trade names given during the month and other information.

Comments/Recommendations:

We should find a way to comply with provisions of the laws by publishing this information electronically as proposed by one of the EU Directives.

Issue No. 9: Role of officials of the Civil Register.

Article 21(2) states: “The offices of the civil register are called upon to send to the competent commercial register offices, at the end of every month, a statement of traders and joint partners deceased during the month.”

We do not understand the reasons of having such a provision in this Law, since Articles 6,7 and 8 are dealing with modifications and annotations of the company’s

files and with the deadline from which this modification or annotation should be sent to the Commercial Register.

Comments/Recommendations:

This provision is unnecessary; it only duplicates the existing process and increases the paper flow in the Business Registry. This provision should be repealed

8.0 Issues, Comments and Recommendations on Companies Law

The provisions of the Company Law No. 159/1981 as amended by Laws Nos. 230/1989, 212/1994, 3/1998, 159/1998 and 95/2005 apply to the following:

- Joint stock companies, partnerships limited with shares and limited liability companies having their head offices based in the Arab Republic of Egypt or which carry on their principal business therein.
- Companies referred to where no special provision is contained in their respective regulatory laws.

The provisions of the Company Law shall be without prejudice to the provisions set out in the laws concerning the public sector companies or the investment of Arab and foreign funds and free zones or the regulation of the status of some companies.

In order to analyze and make comments on the Company Law, we will follow the same process as for analyzing and commenting on the Commercial Register Law No. 34/1976. We will raise a series of issues on the provisions of the Law regarding the reservation and approval of company names and the registration of companies, any comments and proposed solutions for some of them.

Issue No.1—Procedures of registration of companies under Law No.159

In addition to the provisions of the Law on Commercial Register No 34/1976 and its Ministerial Decrees and the Law on Investments and its Decree (No. 8), Part Two of Chapter 2 of the Law No. 159 also deals with the incorporations procedures and attached documents to the application for Joint Stock Companies, Limited Liability Company and Limited Partnership with Shares.

Comments/Recommendations:

It is very difficult for a person unfamiliar with the registration process of companies in Egypt to determine what requirements and procedures of the laws are requested for registering a company since three different laws that regulate them: 1) Law on Business Registry Register (For registration in general at the Business Registry), 2) Law No.159 (companies engaged in general activities others than investments), and 3) Law No. 8 (for companies engaged in investments) are dealing with the same types of companies: Joint Stock Companies, Limited Liability Company and Partnerships with Shares. (The major difference is related to the approvals.)

Information to be provided for filling the application forms are in the Law/Decrees on the Commercial Register and the documents to be attached to the registration application are in the Law/Decree on the Commercial Register; but also in the Laws No. 159 and its Ministerial Decrees. Another set of requirements also exist when the company is registered under the Law on Investments (Law No. 8).

We should find a way to combine all this information in a unique legislation; and then a brochure on the process of registration of companies in Egypt may be developed. This brochure or document should facilitate the work of lawyers/businessmen who want to do business in Egypt.

Issue No. 2- Date of acquiring legal personality---and possibility of losing legal personality.

Paragraphs 2 and 3 of Article 17 states:

“The competent administrative authority (*GAFI - note from the author*) shall deliver to the person submitting the notification a certificate to testify the foregoing once all the written documents prescribed in the foregoing items are attached to the notification and are fully fulfilled. The Company shall then be recorded in the Commercial Register by virtue of this certificate without need to effect any other condition or procedure, and whatever the percentage of participation by non-Egyptians is.

The Company shall then be registered and acquire legal personality following a lapse of 15 days from the date of recording it in the Commercial Register, unless the competent administrative entity decides to grant it the legal personality before the expiry time limit. By way of exception to the above, the companies and firms who carry on their business in Sinai peninsula shall acquire the legal personality only by a decree (*decision*) of the Chairman of the General Authority for investment and Free Zones, and no amendment may be introduced to their Article of association nor may their share capital be negotiated except after the said approval of the Authority ‘s chairman is obtained.”

This provision applies for founders or delegated deputies who want to operate in certain sectors of activities, such as in the fields of satellites, issuance of newspapers, remote sensing systems or any activity comprising one of the purposes or works prescribed in the Law for Non-Governmental Organizations.

For complying with this provision, certain requirements or approvals are requested from GAFI and the Cabinet; the founders or delegated deputies should also provide certificate from an authorized bank confirming that subscription in full in all stocks or shares of the Company and a receipt that the fees have been paid.

In principle, after 15 days of the date of being recorded in the Commercial Record, the legal personality should be obtained and the company should be operational without any problem with regard to its activities or its liability.

However, this is not the case since Article 18 states:

‘The competent administrative authority (*GAFI - note from the author*) may within ten days from the date of notification delivered thereto concerning the establishment of the company, object to its foundation, by virtue of a registered letter sent to the Company at its address as indicated in the paper attached to the notification, along with sending a copy of that letter to the Commercial Registry....

The administrative entity shall not object to the foundation of the Company except for any of the following causes:

- (A) In case the heads of agreement, the deed of association or the articles of association of the company contradict the mandatory data set forth in the model or included matters contradicting the law.
- (B) If the objective of the Company constitutes a violation of the law and public order
- (C) In case one of the founders does not fulfill the legal capacity required for founding the Company.”

Then Article 19 continues by saying:

“Within fifteen days from the date it is notified of the objection (*by GAFI- note from the author*), the company shall remove the causes thereof, or complain against this objection to the Minister of Economy (*Currently, it is the Minister of Trade and Investments –note from the author*) otherwise the competent administration entity (*GAFI ---note from the author*) shall issue a decision deleting the company’s recording in the Commercial Register.

The lapse of fifteen days from the date of lodging the complaint without final decision being issued in respect thereof shall be considered as acceptance of the complaint and the effects of the objection shall thus be considered as removed accordingly.*(Company stays registered –note from the author)*

In case the company’s complaint is rejected, it shall be notified thereof by registered mail in order to remove the causes of objection. If it fails to remove the cause within ten days from the notification date, the competent authority entity (*GAFI---note from the author*) shall issue a decision deleting the company’s record in the Commercial Register. In all cases, the legal personality of the company shall cease to exist from the date the decision of deleting its registration is issued. Interested parties shall have the right to challenge the decision before the Administrative Court within sixty days...

The founders shall be responsible jointly, with their private properties and funds, for the effects and damages resulting to or affecting third parties consequent upon deleting the Company’s record in the Commercial Registry, without derogation to the prescribed criminal penalties.”

Comments/Recommendations:

With regard to Article 17 to 19, we have many comments which we consider crucial for the business community.

1) Provisions of this law and other ones referring to the recording of documents in the Commercial Records are not clear and create problems the business Community, the legislator does not mention the period of time when “information should be recorded”. (No precise time for recording this information is indicated in the laws and no precise time is indicated for founders to start calculating time for the establishment of their company). For example, is it within two, ten or twenty days after the date of the application submission? We do not know.

Time for recording registration seems to be applied arbitrarily by CR officials since there is no precise time by the law for recording this information. CR officials are making the decision.

This situation creates serious problems for the business community. As long as the company does not obtain its legal personality, founders are responsible for their personnel assets for acts that they accomplish on behalf of the company since the company does not yet exist legally until it is recorded.

The time frame for recording registration information must be indicated clearly in the law and companies shall be registered or incorporated within that specific period or a certificate of registration or incorporation should be issued by the Commercial Registry. If the application is not rejected, in that specific period of time, by the competent authority (Commercial Registry or Registrar) the application should be considered accepted and the company registered.

2) The fact that a company, operating in the Sinai Peninsula, gets its legal personality only by a decision of the Chairman of GAFI is the exception to the fact that all companies should be recorded in the Commercial Registry to get their legal personality and acquire the juridical personality as of the date of its entry in the Commercial Registry in accordance with Article 77 of a Decree No. 92/1982 promulgating the Executive Regulations of Law No, 159 of the year 1981 on Joint Stock Companies, Partnerships Limited by Shares and Limited Liability Companies.

To avoid or limit the discretionary power of the Chairman, we believe that it will be important to have conditions on which the Chairman is basing his decision written clearly in the legislation and within a specific timeframe.

3) Articles 17 to 19 are creating an impossible situation from a legal and business point of view. It is a real loophole.

How can we agree with the fact that the competent administrative entity (GAFI) who is in charge of issuing a certificate to the founders or delegated deputies testifying that all written documents prescribed are attached and are dully fulfilled could come back ten days from the date of the notification and raise an objection?

How can we agree with the fact that the same entity allows the registration of the company in the Commercial Register; and then changes its mind and requests the deletion of the company from the Commercial Register?

How can we accept that GAFI decides after the fact that a company should be deleted from the Commercial Register? GAFI is not in charge of the Commercial Register. This should be a decision made by the Registrar who is in charge of the Commercial Register in Egypt, not GAFI?

How can we accept an objection from GAFI mentioning that requirements of Article 18 are not met when the template for the contract, deed of association and other documents were prepared by the Ministry of Trade, the preparation of the final contract is done by lawyers of the founders, the authentication of the signature is

performed by the public's notary and all documents requested by Article 17 are reviewed and approved by the GAFI lawyers and authorities?

How can we agree that the founders are responsible for acts or decisions that they accomplished or took on behalf of the company when they have received previously the GAFI approval and the company is legally registered in the Commercial Register? GAFI should be responsible for its actions or of its officials if mistakes were made and not the founders. If it is not the case, how could we consider the records of the Commercial Register as reliable?

Why the legal personality shall cease to exist as of the date of issuing the decision of deleting its registration while they have the right to challenge or object the decisions? And why they are very efficient and quick in removing its legal personality while it takes a very long time to grant the company this personality in the first place?

Many provisions of laws dealing with the registration of companies state that companies acquire the juridical personality at the date of its entry in the Commercial Register.

We strongly recommend that those Articles be modified or deleted in order to meet the legally accepted principles with regard to administrative decisions and their applications and consequences.

9.0 Documents Attached to the Registration Application

<i>Type of Business</i>	<i>Required Documents</i>
<i>Sole Proprietorship (Head office and branch)</i>	<ol style="list-style-type: none"> 1. License of practicing business issued by the relevant Chamber of Commerce 2. Copy of identification card, or the Family identity card
<i>Companies Except capital companies (including cooperative associations)</i>	<ol style="list-style-type: none"> 1. The companies deed of association 2. An original copy of the cooperative society deed of association signed by the official authorized to reproduce such a copy 3. A license for practicing business issued by the competent Chamber of Commerce 4. Copy of identification card or the family identity card of the partners
<i>All Companies with a foreign element</i>	<ol style="list-style-type: none"> 1. The approval of the General Authority for Investment and Free Zones(GAFI) 2. The decision issued for opening the branch attested by the competent entity 3. An original copy of the company deed of association or a reproduction from the Business Registry of the foreign company approved by the competent body and translated into Arabic
<i>Capital Companies (L.L.C, Joint stock and Partnerships limited by shares) (Law No. 159)</i>	<ol style="list-style-type: none"> 1. The company's deed of association 2. The ministerial decree on Establishing the Company, concerning the companies floating their shares for public subscription 3. The license for exercising the trade business, from the Chamber of Commerce 4. Approval of the Capital Market Authority in case of the Joint Stock Companies if they are floating their shares for public subscription, and the Partnerships Limited by Shares
<i>Capital Companies (L.L.C, Joint stock and Partnerships limited by shares) (Law No.8)</i>	<ol style="list-style-type: none"> 1. A company's registry application 2. The possession contract or the allocating deed of the project land(or present an act for presenting it during one year from the establishing date) 3. A bank certificate proving that 10% of the issued capital has been deposited. In case of limited

	<p>companies , the amount of capital is paid in full</p> <ol style="list-style-type: none"> 4. Non confusion certificate including the company name(for capital companies) 5. The power of attorney to take the necessary procedures to establish the company should be given by the partner to the partner attorney and it should and it should include company establishment right and signing contracts in the notary office 6. A copy of the identity cards or the passports of the partners or the owner and the birth certificate for minors if any 7. Criminal declaration in case the company includes foreigners 8. A copy of attorney's card "not less than primary attorney" enlisted in the lawyers syndicate, paid participation fees, signed by a lawyer and authorized 9. In case the company is located in Sinai, a map of the company's location is submitted to the approval of the chairman of GAFI
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10.0 Costs of Registration (Issued by the Commercial Registry)

<i>Type of Business</i>	<i>Sole Proprietorship</i>	<i>Companies Except capital companies</i>	<i>Capital Companies (L.L.C, Joint stock and Partnerships limited by shares)</i>	<i>All Companies with a foreign element</i>
<i>License Fees</i>	6 L.E.	20 L.E.	20 L.E.	-
<i>Registration Fees</i>	4 L.E. registration fees in Commercial Registry 50 piasters publishing fees for registration 30 L.E. stamping fees for registration 20 piasters fees for developing state resources divided into 10 piasters for each tax base subject to stamping tax 5 L.E. fees for the syndicate of commercial professions Total: 40 L.E.	8 L.E. registration fees in Commercial Registry 1 L.E. publishing fees for registration 30 L.E. stamping fees for registration 20 piasters fees for developing state resources divided into 30 piasters for each tax base subject to stamping tax 5 L.E. fees for the syndicate of commercial professions Total: 44.50 L.E. Note: L.E. 25 is added to partnerships (all kinds) if capital does not exceed 10 000 L.E. and 50 L.E. if capital exceeds 10000 L.E.	5 L.E. registration fees in Commercial Registry 1 L.E. publishing fees for registration 30 L.E. stamping fees for registration 20 piasters fees for developing state resources divided into 30 piasters for each tax base subject to stamping tax 5 L.E. fees for the syndicate of commercial professions Total: 86.50 L.E.	20 L.E. registration fees in Commercial Registry 1 L.E. publishing fees for registration 30 L.E. stamping fees for registration 20 piasters fees for developing state resources divided into 30 piasters for each tax base subject to stamping tax 5 L.E. fees for the syndicate of commercial professions Total: 56.50 L.E.
<i>Attorney Fees</i>	-	-	-	-
<i>Public Notary Fees</i>		Percentage of Capital	Percentage of Capital	Percentage of Capital

11.0 Impediments

<i>Impediments related to Commercial Registry (CR)</i>		
<i>A) Legislation</i>	<i>Impediments</i>	<i>Recommendations</i>
<i>Law on Commercial Register and Ministerial Decrees</i>	<ol style="list-style-type: none"> 1) Need to have the participation of an Egyptian in the establishment of a company (Art.3 CRL) 2) No provision or time frame for reserving, renewing and approving company names. 3) No provision or timeframe clearly established for registering companies. 4) Provisions establishing that registrations are done manually and information is entered into the ledger handwritten. 5) Supervision of the Commercial Registries given to the Governor instead of the Registrar 6) Duplication of companies' files (Information) in each Commercial Registry where the company has the domicile of its head office, branch or agency. 7) Timeframe for entering modifications is too long (e.g.: within one month from the date of the contract, judgment, etc.). 	<ol style="list-style-type: none"> 1) Draft a new Law/Ministerial Decree for the Commercial Register or modify it. 2) Define the role and authority of the Registrar. 3) Develop and establish a modern IT-CR System. 4) Establish a unified database that will link all Commercial Registries in Egypt 5) Modifications regarding mortgage loans or judgments should be entered immediately or the same day. 6) Modifications/Annotations of the CR records should be made only by officials authorized by the company or judgment to avoid duplication and mistakes 7) Need to allow the Registrar to delegate his authority.

	8) Duplication of work from Company's officials and Civil Register's	
<i>Law on Chamber of Commerce</i>	<ol style="list-style-type: none"> 1) Need to secure a permit to practice commercial activities at the Chamber of Commerce before allowing companies to register. 2) Membership fees at the Chamber of Commerce are very high and discriminatory 	<ol style="list-style-type: none"> 1) Develop a mechanism that will allow the company to secure a permit before, during or after the registration of the company. 2) Should be fixed and the same price for everybody
<i>Law on Investments</i>	<ol style="list-style-type: none"> 1) Duplication of work and steps--Under Law No. 8, Names of proposed JSC, LLC and PLS should get approval of GAFI (that got CR information about the proposed name) before reserving the company's name or submitting application to the CR. 2) Too many steps and approvals requested: e.g.: Templates of contract of association are developed by the Ministry, reviewed by GAFI's lawyers and by CR officials. 	<ol style="list-style-type: none"> 1) Avoid duplication of work. Go directly to CR for reserving and getting approval of names. 2) Contract should be reviewed only by GAFI and not lawyers since founders or representatives are using templates of contracts developed by the Ministry of Investment and only filling the blank.
<i>B) Registration System</i>	<i>3) Impediments</i>	<i>Recommendations</i>
<i>Registration</i>	<ol style="list-style-type: none"> 1) Everything is done manually. 2) Separate Commercial registries without sharing of information. 3) No search of company or trade names. 	<ol style="list-style-type: none"> 1) Need to develop an IT application with functionalities regarding reservation, renewal, approval company's name search and registration of companies. 2) Develop a unified

	<ol style="list-style-type: none"> 4) Supported documents/veracity 5) No Certificates of Registration are issued 6) Too many steps for registration of company 7) High cost for registering a company 8) Intervention of Public Notary for authentication of signature 9) No link or communication among different governmental organizations 10) No clear instructions and brochures to explain the procedures in Arabic and English 11) Reduce steps for foreigners- Request security clearance from the Ministry of Interior 	<p>database in Egypt.</p> <ol style="list-style-type: none"> 3) Explore the possibility of having a unique and national number for each company. 4) Develop a search for company or trade names 5) Need to identify the supporting documents required in the forms. 6) Need to issue a Certificate of Registration signed by the appropriated authority. 7) Simplify the procedure by eliminating the mandatory participation of lawyers and public notaries. 8) Application of provisions of the new Law on Digital Signature. 9) Introduce IT interface with IT system of Tax Commission, Intellectual Property Office, Bureau of Central Statistic, etc. 10) Need to draft clear Arabic and English (for foreigners) instructions and brochures explaining the procedures and answering to main questions about reservation of names and registration of types of companies 11) Need to consolidate the rules for reserving company's names and for registering companies. 12) Abolish clearance with Ministry of Interior for foreigners-Information already provided when request for visas or work permits
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Forms	<ol style="list-style-type: none"> 1) Use of too many forms for registration or amendments 2) Requesting information that should not be provided at the stage of registration. e.g.: names of Board of Directors. 3) Activities' descriptions are too long and too detailed in the forms. 	<ol style="list-style-type: none"> 1) Decrease the number of forms and design new ones. 2) Use the International Statistic Industrial Classification (ISIC) Code to describe activities. 3) Attached documents supporting the veracity of the content should be clearly indicated on the forms as well as the amount to pay for registering the application.
Ledgers/Archive	<ol style="list-style-type: none"> 1) Lack of good maintenance of archive/ledgers (ledgers on the floor, pages missing, torn, and dirty, etc...) 2) Lack of good system of classification of documents 3) No electronic tracking system of documents. 4) Issues regarding extracts of registration page, certificate or declaration of non-registration 	<ol style="list-style-type: none"> 1) Establish a good system of archive 2) Need to develop a classification's system of documents. 3) Need to develop an electronic tracking system of document. 4) Better maintenance of the Ledgers and records backed-up
Trade Names Journal	<ol style="list-style-type: none"> 1) Content of the Journal not in accordance with the provisions of the Law 	<ol style="list-style-type: none"> 1) Information published should be in accordance with provisions of the Law. 2) Develop an easy system for recording and compiling information that should be published at the end of the month. 3) Develop templates
Website/Webpage	<ol style="list-style-type: none"> 1) No website for accessing information, laws, forms or instructions 	<ol style="list-style-type: none"> 1) Need to develop and establish a website 2) Explore the possibility of pre-reserving company names and pre-registering companies on-line

<i>Employees</i>	<ol style="list-style-type: none"> 1) Lack of Employees' Manual 2) Duplication of work with other involved persons. For example: Reasons for CR officials to review company's contract where templates to be filled were developed by Ministry of Investment and reviewed by lawyers before submitting them to CR. 3) No IT or legal training 	<ol style="list-style-type: none"> 1) Need to draft an Employees' Manual describing reasons and flow of work to be done 2) Need to provide legal and IT training on the new rules and new IT application 3) Need to re-engineer the Commercial Registry 4) Need to write job descriptions for different categories of employees.
<i>Facilities</i>	<ol style="list-style-type: none"> 1) Premises are too small, poorly set-up/organized and no air conditioning 	<ol style="list-style-type: none"> 1) Need to have tools and facilities for an effective working environment.

12.0 Workshops

Two workshops took place during the time this report was prepared, one in Alexandria and the other in Cairo

12.1 List of Participants

You will find below the list of participants per workshops.

- **In Alexandria**

Dr. Mustafa Abu El Enin (Head of Commercial Registry)
Mr. Nabil Yacoub (Manager of the General Administration of Commercial Registry)
Monique Courchesne (Senior Legal Advisor on Commercial Registry from TAPR II, Component E)
Nissreen Askar (Assistant to Monique Courchesne)
Mr. Mahmoud Diab (Vice-president of the economic news section in Al-Ahram Newspaper)
Mr. Hassan Fahmy (Head of the one Stop Shop Services in GAFI)
Lawyers
Accountants
Officials from Commercial Registry Offices in Alexandria
Officials from the Intellectual Property Office

- **In Cairo**

Dr. Mustafa Abu El Enin (Head of Commercial Registry)
Mr. Nabil Yacoub (Manager of the General Administration of Commercial Registry)
Monique Courchesne (Senior Legal Advisor on commercial registry from TAPR II, Component E)
Nissreen Askar (Assistant to Monique Courchesne)
Representative from the Bar Association in Cairo
Representative from Commercial Registry Office in GAFI
Representative from the Syndicate of Commercial Professions
Lawyers
Accountants
Officials from the Ministry of Trade
Bernard Savonet (IT Consultant from EU)

12.2 Summary and Comments

A. Alexandria Workshop

The purpose of this note is to report on the comments made by participants to the Needs Analysis Workshop in Alexandria regarding the issues/impediments encountered by founders for company's registration at the Commercial Registry (CR). Participants have also made recommendations to improve the registration system.

At the end of this document, you will also find some remarks by the author; as well as questions raised by the CR Registrar and preliminary answers received by interested parties.

Here are the list of impediments mentioned; and also included the proposed solutions/recommendations.

<i>Impediments</i>	<i>Solutions/ Recommendations</i>
<i>Legislation:</i>	1) All changes/modifications made for company registration or licensing should be reflected in the appropriate legislation.
<i>Registration:</i> <ol style="list-style-type: none"> 1) Registration renewal every 5 years is not necessary. 2) Registrations in all CR of each governorate where company activities are taking place. 3) Company activities described in registration application form are incomplete. 4) Lack of clear information about the Capital of company. CC cannot make market feasibility since their database is not good. Modifications should be accepted by Federation Chamber of Commerce to avoid going to each CC where activities are taking place as it was the case previously. 7) Lack of updated database regarding companies that are inactive. Need to pay for changing company's activities. 9) Discrimination concerning the registration of domestic vis-à-vis foreign companies. 	<ol style="list-style-type: none"> 1) Need to avoid multiple registrations in different CR offices where activities are taking place in different governorates. This problem would be rectified by a unique database. 2) Need to be more precise in describing company activities. 3) Need for getting more accurate data about the capital of the company. 4) Need to simplify registration procedures. 5) CC should be complementary to the CR. 6) GAFI has developed a good process system, we should follow their example 7) Need to design a new and modern Certificate of Registration instead of getting a print out of the information written in the CR ledgers. 8) Need to modify the Law on Company to avoid discrimination for foreigners who want to register domestic companies in Egypt.—Repeal rules regarding

<p>Foreigners who want to register a domestic company in Egypt should have an Egyptian partner. Requirement of husbands 'approval for women doing business in Egypt. Issue regarding security clearance with the Ministry of Interior. (e.g.: Take about two years if you wish to establish an IT company.)</p> <p>13) Need to have a lot of licenses in order to do business in Egypt.</p>	<p>mandatory participation of an Egyptian partner.</p> <p>9) Eliminate discrimination provisions among men and women doing business in Egypt.</p> <p>10) Eliminate some of the existing licenses for doing business in Egypt.</p> <p>11) Avoid increasing registration fees at the CR.</p> <p>12) Avoid imposing inspection that could be made by CR officials.</p>
<p>IT System:</p> <p>1) Lack of good database: Official of the Chamber of Commerce(CC) would like that the CR database be shared with them through a link from the CR to CC. (Not from the CC to the CR)</p>	<p>1) Develop a new and unified database for Commercial Registries (CR) with a link to the Chamber of Commerce (CC).</p> <p>2) Need internet system.</p>
<p>Form/contracts:</p> <p>1) Lack of publicity of CR Forms.</p>	<p>1) Design new CR forms.</p> <p>2) Need to improve templates regarding the Contracts of Association for registering a company.</p>
<p>Ledgers/Archive:</p> <p>1) Ledgers and archives are in poor condition</p>	<p>1) Need to improve the situation</p>
<p>Trade Names Journal:</p> <p>1) Does not seem to exist even if it is required by law.</p>	<p>1) Need to develop a good one that can be produced electronically.</p>
<p>Website/Webpage:</p>	
<p>Brochures:</p>	<p>1) Need a brochure to get more information about registration of company and steps to go through</p>
<p>Employees:</p>	<p>1) Provide staff of 2 CR at the CC for issuing print-outs of the company's information written in the CR ledgers. CC wants this print-out to be valid for a period of 6 months.</p> <p>2) CR/CC Staff should be trained (by CR??)</p> <p>3) Need IT training.</p>

<p>Facilities:</p> <p>1) CR premises are not well maintained, staff are not working in a suitable environment.</p>	<ol style="list-style-type: none"> 1) In order to accelerate the process of doing business, all organizations that provide licenses/permits should be located at the same location, including the CR. 2) CC was ready (at the beginning of the workshop) to receive the CR office inside of the CC location. CC stated that they did it for Tax Commission & others. (At the end of the workshop, this proposal was subject to confirmation, by CC, on September 17, 2006.). 3) CC Chairman wants all business people dealing with governmental entities to go through the CC starting in November 2006. 4) Need to improve the CR premises.
<p>Others:</p> <p>1) Cost of registration is too high not at the CR but at the CC.</p>	<ol style="list-style-type: none"> 1) If pay more for service, we will get better service 2) License should be provided at the CR. We should amend the Law in order to apply this new process if not; Egyptians will believe that it is a fake license.

Notes of the author:

- CR cannot guarantee that the print-outs regarding companies will be valid for a period of 6 months since the written information about a company in the ledgers is not static. This information is in constant evolution and may change from hour to hour depending of the activities of or of the modifications made by the company. We cannot require a company to stop its activities or not to become bankrupt during a period of 6 months because a print-out is issued.
- Registration renewal every 5 years is not too much. It allows the CR to clean its database by updating the company's files, by making sure that the company complies with the requirements of the Company or Investments Laws (e.g.: provide their financial report annually) or by deleting the inactive companies.
- Problem of description of companies' activities could be solved in part if the CR was using the International Statistic Industrial Classification (ISIC) Code. This code is used by the majority of United Nations. It would also facilitate the analysis and comparison between the governorates and with other countries.

- If we were designing a new IT system with a search function, the information about the company's capital could be one of the functionalities available to the public for various types of companies. Reports could also be printed.

Comments regarding the views of the CC Chairman are the following:

- CC is very interested in receiving all information without restriction from the CR database. However, this exchange seems to be only one way as CC is not ready to share their information.
- To one question addressed by the CR Registrar to the CC about the possibility for the CR to issue licenses for doing business. The answer from the CC was, it depends of the information that you are giving to us.
- Another matter, that did not get a CC answer, is the issuance by CC of licenses without CC inspection.
- It was clear that CC is interested to get more membership, to issue more licenses and to make more money by increasing their memberships or the amount related to fees.
- CC is ready, or is thinking of imposing a fine on businessmen who do not pay their fee in time.
- CC Fees are very high. Annually, business people registered at the CC must pay a percentage of their capital which represents their annual fee.

Questions raised by CR Registrar and answers from participants:

- 1) Does CC agree to have a CC representative working at the CR in order to provide licenses at the same location as registration?
 - CC will provide an answer on September 17, 2006 taking into consideration the following:
 - Lack of IT equipment at CR;
 - Need to collect fees for CC memberships and licenses;
 - GAFI has the right to give licenses;
 - (if) CR collects fees for CC to accelerate the process of company registration, CR will send to CC the amount collected for memberships at the CC and licenses;
 - (if) Licenses for doing business are requested from each CC in each governorate.
 - Unique/unified database.
- 2) Do you have space available in the new CC building for CR?
 - Answer will be provided by CC on September 17, 2006

- 3) Could CC make a committee to review the laws for registering companies and to provide to CR, with comments about proposed modifications? (Laws identified by Dr. Mustafa are: Commercial Registration, Trade Names and Chamber of Commerce.)
 - CC needs to get in contact with Professors of the Schools of Law and Commerce. (Note of the author: It is not sure that CC will organize this committee, since they only committed themselves to “get in contact”).

B. Cairo Workshop

The workshop took place in Cairo on September 6, 2006. Almost 40 persons from different organizations expressed their comments and recommendations about the reform and improvement of the Business Registry. As you can see in annex, the context of the agenda of the workshop in Cairo was different from the one in Alexandria.

You will find below a summary of the recommendations of the participants:

- Deletion of registration in case of non-renewal after 90 days from expiration while preserving the rights of other parties.
- Computerize the Business Registry
- Increase the number of Business Registry offices in cities and other governorates to speed up the services given
- Increase Business Registry fees and use the extra funds for incentive bonuses and/or increase staff salaries
- Design a template for incorporation contracts and other sorts of contracts to facilitate the registration process and minimize costs
- Simplify storage and archiving procedures
- Work towards implementing the One Stop Shop idea
- Create incentives for business people to register in the Business Registry
- Unify the supervisory entities and deal with businessmen on the basis of their good reputation
- Simplify registration procedures for young business people
- Improve the registry ledgers to speed up the process of obtaining print-outs
- Use microfilm in archiving

- Publish a separate journal for the Business Registry and post it on the internet.
- In case of deletion as a result of a negative security investigation, this deletion does not override the right to resort to courts

Notes of the author:

- Increasing the number of Business Registry offices, without having appraised the workflow and the way the registration applications are preceded and printouts are provided in each office, is not my recommendation. If an increase is needed, it should be based on facts and arguments.
- Increasing registration fees to pay for development and increase of salary cannot be done easily. Generally funds collected by governmental agencies, departments or ministries should be transmitted to the Consolidated Fund of the Government. If this recommendation was accepted, it would require modifications of legislation.
- Publishing a separate journal for the Business Registry and posting it on the internet, could be a good idea as long as it is considered official by the authorities. More research will have to be done on this. We may have to modify or add provisions of a Ministerial Decree; and also analyze the new Law on Digital Signature.
- The other recommendations are noted

13. Work plan: Business Registry

Vision

Streamlined processes with reduced unnecessary regulation and government interference in the private sector;
Reducing administrative barriers (Resulting in cost and time savings) to the establishment, and the operation of companies in Egypt;
Responsiveness to the needs of local business and foreign investors;
Starting business immediately after the company receives its certificate of registration
Transparency which promotes confidence in and fair resolution of commercial transactions;
Timely access to information and services through the use of web technologies; and
Coordination with other (projects) efforts which impact this area, including Intellectual Property Rights Project.

Key Result Area

An approach and plan for reserving and approving company's names and registering companies that will result in broad registration in Egypt and introduces business identification with links to the Tax Commission, Judicial Courts and Central Statistics office will be developed in conjunction with the Ministry of Trade and the Registrar of Company.

A web based application for reserving/approving company's names and registering companies which includes a searchable database of all registered companies, and which can track companies through the registration process will be designed and developed

A process for reserving and approving company's names and registering companies that is cognizant of the computer registration system and compliant with new registration procedures and forms will be developed and implemented, including a comprehensive public education and outreach training program that encourages business to register companies efficiently and quickly in Egypt.

A document archiving system will be developed to maintain all documents that a company has to submit from time to time to the Commercial Registry.

The registration application will be implemented in the Registrar's office, and the requisite IT equipment to implement the system procured and installed
Institutional development of the Commercial Registry's offices

Major Key Achievements

Review and assess relevant laws, decrees and instructions that touch upon the Commercial Register Law , Company Law , Investment and Registration of Companies Laws in Egypt

Mapping all procedures of reserving and approving company's names and registering all types of companies

Impediments on implementation identified and recommend ways to remove impediments

Prepare a detailed Implementation Plan and deliverables

Draft and adopt laws setting up a modern commercial registry, the reservation and approval of company's names and a business registration

Finalize new forms and Ministerial Instructions/Decrees for reserving and approving company's names; registration of domestic and foreign companies, partnerships, public companies and cooperatives societies practicing commercial activities by themselves; notices of continuance or termination; and others forms, if needed.

Develop an Organizational Plan

Complete an IT assessment that will review the current features of the registration system, the features of the database system, and the system in place for centralizing and exchanging information between various points of registration and made recommendations on the modernization of the system

Complete preliminary assessment of using the same software forms and instructions

Complete procurement and purchase of IT equipment for the Central Registry System

Agree new data elements for various company forms for the unified commercial registry (simplified and based in International standards)

Complete Functional Requirements and Approach Plan for Business Registry System

Perform Analysis of Current Ministry of Trade Business Registration System - Capture all current functionalities

Create preliminary data model, annoyed data and element list

Develop network architecture for Ministry of Trade's Registrar of Companies and Hosting facilities

Perform thorough requirement gathering for Business Registration System.

Complete an IT and legal Training Plan

Conduct IT and Legal Training

Complete a Communication Plan - Public Outreach and Education

Develop an Installation Plan for the System (Facilities and IT)

Tangible Outputs

- Draft and adopt laws setting up a modern commercial registry, reservation and approval of company names and business registration
- Develop forms and Ministerial Instructions/Decrees for reserving and approving company names; registration of domestic and foreign companies, partnerships, public companies and cooperatives societies practicing commercial activities by themselves; notices of continuance or termination; and others forms, if needed.
- Develop templates to survey the business registry's offices and asses Business Registry Staff
- Develop job descriptions for Business Registry managers and staff
- Develop process flows for all existing Ministry of Trade's Registries of Companies reservation and approval of company's names and registration workflows - New reservation and approval's names, company registration, reporting modules, and update modules.
- Develop Data Models and Database Designs
- Create Functional Requirements and Approach Plan document describing functionality required of replacement system in precise detail, including software development procedures, deliverables and deployment considerations

- Create registration workflow spreadsheet describing , from a systems perspective, data elements required for each step of the registration process
- Define hardware and software specifications for the application and procure the IT equipment
- Complete the Information Systems Strategy (This document will detail the information system architecture)

Short-Term Recommendations (October 2006 to March 2007)

- Draft and adopt laws setting up a modern commercial registry, the reservation and approval of company names and the business registration
- Develop forms and Ministerial Decrees for reserving and approving company's names; registration of domestic and foreign companies, partnerships, public companies and cooperatives societies practicing commercial activities by themselves; notices of continuance or termination; and others forms, if needed.
- Agree on the content of the proposed forms and Ministerial Decrees described above
- Develop templates for survey the Business Registry's offices and the Business Registries managers and staff
- Agree on the new mapping process for the reservation and approval of company's names and registration of companies and others.
- Agree on IT interfaces with other governmental agencies or ministries
- Pursue the completion of the gaps analysis
- Develop IT project plan, budget resource and work plan

- Develop application and hardware and network requirements for the system
- Develop the functional requirements
- Procure software required for application platform
- Develop the Installation Plan
- Develop the back-up recovery and business continuity plan

Long-Term Recommendations

- Translate Functional Requirements Document into detailed Systems Architecture and Design Document
- Complete, deploy and validate electronic Business Registry System
- Develop and implement document archiving system
- Procure and install hardware and infrastructure
- Implement the back-up recovery and business continuity plan
- Develop an implementation support plan including a Help Desk

- Coordinate contents of the forms with interested ministries, agencies and offices to provide business registration, taxpayer information, and Central Statistics Office reporting numbers and discuss issues regarding membership and licensing with the Federation of Chambers of Commerce.
- Identify and propose recommendations to harmonize Egyptian laws that are in contradiction with provisions of the Commercial Register, Company and Investments laws
- Develop Job Descriptions for Business Registries managers and staff
- Develop a website for the Commercial Registry
- Post comprehensive information on the Ministry of Trade website regarding to name reservation and company registration.
- Draft User-Manual on the use of the IT application and provisions of the laws related to the reservation of company names or registration of companies., for the employees of the Commercial Registries/administrators, etc.
- Organize seminars for the business and legal community, general public and government officials
- Coordinate seminars with local academic institutions and develop material
- Organize a public information campaign about the new registry and concepts of the different related legislation to the reservation of company names and registration of companies
- Develop brochures about the registration of companies
- Supervise, on an on-going basis, conduct of the business registry
- Gain acceptance of the new system from the Commercial Registry staff

Train and educate the Commercial Registry staff on the new system
Provide logistics for organizing a Study Tour (This activity may be performed in the United Arab Emirates)

End State Vision

The Commercial Registry will be transformed into a modern, agile and efficient organization that uses technology appropriately and efficiently to meet business goals and objectives
The legal framework surrounding the reservation of company names and registration of companies will be sufficiently modernized, allowing for simplified registration and greater transparency

Target Results

Implement a modern legal framework for the reservation of company names and registration of companies
Develop new registration forms and ministerial decrees/instructions
Develop IT approach plan for reserving names and registering companies
Purchase IT equipment (software and hardware)
Create Registration Application Functional Requirements
Create the Information System Architecture
Develop a website
Develop brochures

14.0 Conclusions

For the conclusion of this report and to appraise some of the work that will have to be done in Egypt with the registration system itself and relevant organizations which are linked directly or indirectly with the Business Registry, here below are the benchmarks used by European countries to measure the performance of their business registration system.

As mentioned below, “Benchmarking is a structured approach for achieving change and improving performance in public sector organizations and companies. It is a process of comparison. It seeks to break down barriers to implementing change by demonstrating what can be achieved by other, relevant organizations and by demonstrating new ways of achieving change.”

Here are the results found in the Report prepared by the Center for Strategy and Evaluation Services: For European benchmarks, the European Commission Enterprise Directorate General (January 2002) *Benchmarking the Administration of Business Start-ups, Final Report*.

Benchmarking on business registration in EU.

1. For individual enterprises:

- ***The average time needed to complete all necessary mandatory procedures was 12 days.***
 - The fastest country completed the process in one day; the slowest took 35 days.
 - ***The benchmark time is one (minimum) to three (average) days***

- ***The average mandatory financial cost for entrepreneurs of complying with all mandatory procedures was 250 Euros.***
 - In the least expensive countries there was no cost.
 - In contrast, an entrepreneur incurred costs in excess of 1,572 Euros in the most expensive countries.
 - ***The benchmark typical cost is zero.***

- ***Forms and documents. The average number of official forms and supporting documents that an entrepreneur has to provide is four.***
 - Within the EU, there is wide variation between Member States. The highest is 13 and the average is one.
 - ***The benchmark number of forms and document is one.***

2. For private limited companies

- ***The average time needed to complete all necessary mandatory procedures was 24 days.***
 - The fastest country completed the process in seven days; the slowest took 35 days.
 - ***The benchmark time is three (minimum) to eighteen (average) days***

- ***The average mandatory financial cost for a public limited company of complying with all mandatory procedures was 2,232 Euros.***
 - In the least expensive countries there was no cost.
 - ***The benchmark typical cost is 213 Euros.***

- ***Forms and documents. The average number of official forms and supporting documents that a public limited company has to provide is nine.***
 - Within the number ranging from 20 to 3 in various countries.
 - ***The benchmark number of forms and document is five.***

With regard to the performance of the Business Registry in Egypt, we are not able to make a comparison with benchmarks and results obtained by European countries about their performance of the business registry system, due to the lack of accurate data information. However, this proposed activity is included in the short-term plan that we suggested previously. In the near future, we should be able to make the analysis and get results.

15.0 Annex

Annex I

Business Registries – IT SOW

You will find below a high level plan of the set of activities, timeframe, and level of effort and deliverables that could be done with the participation of one IT foreign advisor to modernize and establish a new IT system for the Business Registry in Egypt.

I) Activities

BearingPoint should conduct a more in depth analysis to determine whether portions of the pilot's design and/or database, supervised by the State Ministry for Administration Development, are suitable for future replication and growth. Based on this GAP analysis BearingPoint can then provide help to either improve or replace the pilot. This can be determined within a period of approximately 4 weeks. ***The short-term plan is from September 2006 to February 2007 during which time the following should be accomplished:***

- Perform an analysis of the paper workflow and business processes so that the installation of the pilot or some other replacement system can best map to the existing business and paper workflows. Perform a transaction processing analysis of the pilot system to ensure that there is sufficient hardware and personnel to process the expected volumes of transactions. Based on the results, provide recommendations for interim restructuring of the offices.
- Completion of a GAP analysis for functional and systems requirements to determine whether the pilot system as is, or with certain improvements should be continued with the 4 pilot sites. BearingPoint has formed a preliminary conclusion that the pilot does not provide significant value to the CR in the longer term. However, the completion of a GAP analysis will show whether the pilot system's database, portions of the design and programs, and the Web Portal, can be used as building blocks for a new system. If the answer to this is yes, then a systems design and development effort using the pilot system as the baseline is in order. If the answer is no, then a completely new systems design and development effort is required taking into consideration currently available software, sustainability and the capacity of the CR IT department.
- Coordinate process improvements with the BearingPoint functional advisor who be working on both functional and legal changes to determine whether the improvements are sufficient to warrant the development of a new system.
- Define new business functional and system requirements including interfaces with other agencies and organizations, and document archiving.
- Specify a baseline for building or buying new functional software. This may involve continuing to improve the IBM system, it may involve planning a software Request for Quote, it will involve reviewing software available from other projects, or it may involve a one-off development effort. Analyze alternative solutions including continuing to build on the improved system, replacing the improved system in its entirety, or augmenting the improved system with integrated augmented systems.
- Determine the implementation sequence of offices, including prototyping and pilot site implementations.

- Determine requirements for support, sustainability, hardware and networks, and site preparations, security, backup/recovery, business continuity, configuration control.
- Develop estimates of project costs in phases and by major cost breakdown (software developed or procured hardware, networks, site preparation, ongoing support and maintenance).
- Develop support and Help Desk plan including technical skills, personnel, and training requirements

In a period starting in March 2007 the following should be accomplished:

- Develop new data model
- Develop backup/recovery and business continuity plan
- Develop the new system design and database design
- Select development, configuration, and system support tools
- Procure hardware and infrastructure
- Build or customize the programming modules and testing necessary to provide the business functions and satisfy the business requirements. This includes online transaction processing, batch processing, and flexible report writing capabilities, general inquiry capability.
- Develop or procure system including integration testing and user acceptance
- Migrate existing data and databases to new system
- Implement IT training plan, hire additional technical personnel
- Create user and IT documentation
- Install pilot system
- Execute site preparation plan
- Implement backup/recovery and business continuity plan
- Install production system in all sites
- Provide sustainable and ongoing system support

The deliverables associated with the above tasks are listed and defined below. This is followed by a chart that shows the activities, when the activity will be performed, the level of effort in weeks for one person, and the deliverable resulting from that activity. This chart assumes one full-time longer-term IT Advisor for at least the first 6 months, and then continuing with other IT developers and analysts from April 2007 and beyond.

II) Deliverables

1. Project Plan – this defines the overall project plan with activities, dependencies of activities on each other, resources, timeframes, deliverables, milestones, responsibilities. This plan is updated continuously throughout the life of the project.
2. Business Processes – this defines the business process flow of the current and the future system. It provides a document and data flow, volumes or transactions, and describes the functions performed by users of the system.
3. GAP Analysis – this defines the current systems state, the future state (to be state) and the actions necessary to fill the gap or the difference between the two states.
4. Functional (business) and Systems (technical) requirements statement – this provides the detailed list of requirements that will be included in the new system to support a full-function system. It includes system requirements such as performance, confidentiality of data, hardware and infrastructure, software development tools, configuration tools, etc.

5. System architecture – this describes with charts, figures and words, the overall technical architecture and the architectural building blocks used to build or maintain the system. It may include the rationale for selecting one type of architectural component over another.
6. Data model – defines at an entity and table level the types of data required to support the business processes and how they are related to each other.
7. Database design – this is a detailed design of each database table, its element contents, and the rules for updating the database.
8. Detailed system design – defines the details of system flow, controls, triggers, how business rules will be processed, interfaces to other systems, etc.
9. Documentation plan – this defines the types of documentation required to define, design, build, customize, test, train, operate, and maintain the system. There are well known standard lists of documentation that can be used for this plan.
10. Business continuity, backup/recover, and disaster recovery plan – this plan defines how the system will be backed up, recovered, or otherwise maintain it's available due to different types of problems and interruptions. The plan should consider from the simplest form of a plan is to backup databases daily; to the most complex form where an entire data center is lost for some period of time and some other facility must be provided to continue critical ongoing business processes.
11. Training plan – this defines who will be trained, by whom, how, when, where, and the content of the training courses. It includes a schedule of courses, and how both end-user and technical training will be provided.
12. Test plan – this defines the various levels of testing required during a build, customize or buy of application software. It defines what is to be tested, generally expected results, who does the testing, where and when testing is performed, and what constitutes a success.
13. Coded and tested modules – these are delivered modules of code, either built or customized that have been tested and are ready to move into the next stage of integration.
14. Installation plan – this defines what physically has to be at each system installation site in order to have a successful system in operation. It includes site planning, facilities preparation, time phased plan of when each site will be installed, what infrastructure will be installed and by whom.
15. Support plan – this is the plan that defines how to maintain and sustain the system, both software, and hardware. It describes the type of support required, types of skills needed, numbers of personnel required, a skills assessment and what training is required to provide these skills, outside organizations that may be required, and types of agreements needed from outside organizations such as service level agreements. This includes defining the requirements for and the implementation of the Help Desk.
16. Procurement plan – defines when and what will be procured, quantities, specifications, and how the procurement process will be executed.

The numbers in the table below under Deliverables refers to the number of the deliverable as shown above.

Activity, Timeframe, and Level of Effort

Month	Se p 20 06	Oc t	No v	De c	J a n 2 0 0 7	F e b	Ma r	Apr 2007 and beyo nd	Deliverable
Activity and Level of Efforts in Weeks									
Short Term from September 2006 to March 2007									
Complete the GAP analysis by providing analysis of function, systems, security, project management, documentation, standards, business continuity, backup/recovery, testing, training and support, IT skills and personnel , Databases structure analysis, e-services and Portal requirements	3	1							GAP Analysis (3)
Analyze paper flow and business processes and determine basic business process flows and improvements to these flows including redesign of forms by the functional advisor		3							Business Processes (2)
Determine whether IBM pilot system can be used as a basis for future growth		1							GAP Analysis (3)
Determine new business functional and system requirements including interfaces with external organizations			4						Functional and Systems Requirements (4)
Legal Advisor to determine changes required in the legislation and ensure that these are initiated in the legal structure									
Determine requirements for support, sustainability, hardware and infrastructure, site preparations, security, business continuity, configuration control, development suite, and documentation				3					Business Continuity Plan (11), Functional and Systems Requirements (4), and Documentation Plan (9)

Develop software and infrastructure cost estimates					2				Project Plan (1)
Develop support and Help Desk plan including IT requirements for skills, personnel, and training					1				Support Plan (15)
Analyze and present alternative solutions; determine software application system is to be built or bought; make recommendation for a solution					2	3			System Architecture (5), and Functional and Systems Requirements (4)
Present findings and secure CR and USAID approvals						1	1		
Long Term from March 2007									
Develop new data model							x	x	Data Model (6)
Select and install development suite of tools used for developing or customizing the application software								x	Function and System Requirements (4), and Procurement Plan (16)
CR to hire IT personnel								x	Support Plan (15)
Design database								x	Database Design (7)
Design new system								x	Detailed System Design (8)
Build or customize program modules including online transactions, batch processing, flexible report writing, and general inquiries									Code and Tested Modules (10)
Provide technical training for CR IT personnel								x	Delivery of Training Plan (13)
Procure and install development infrastructure								x	Procurement Plan (16)
Work with CR and/or software Vendor, to develop or customize software								x	Code and Test Modules (10)
Develop and implement procurement plan for Hardware RFP and infrastructure, select vendor, install hardware								x	Procurement Plan (16), and Installation Plan (14)
Perform system and integration tests								x	Test Plan (13)

Perform User Acceptance Test								x	Test Plan (13)
Implement End user training plan								x	Training Plan (12), and Documentation Plan (9)
Implement Help Desk								x	Support Plan (15) and Documentation Plan (9)
Provide Maintenance Contracts for hardware, infrastructure, ISP, Hosting Services (if Web Portal is to be hosted off site), and software								x	Support Plan (15)
Install pilot system in central site and several offices, including Web Portal								x	Installation Plan (14), and Documentation Plan (9)
Install 10 additional offices								x	Installation Plan (14), and Documentation Plan (9)
Install remaining offices, in groups of 10								X	Installation Plan (14), and Documentation Plan (9)

Annex II
Needs and Analysis Workshop on the Commercial Registry
Chamber of Commerce in Alexandria
August 22nd, 2006 18:00 to 21:00

Agenda

18:00: Coffee and soft drink

18:15: Introduction of the purpose of workshop by Dr. Mustafa Abu Enein, Registrar of the Commercial Registry, and Mrs. Monique Courchesne, Legal Advisor, TARP II

18:30: Introduction of participants.

17:00- 21:00: Exchange of information about the problems or needs of the Commercial Registry with regard to the following items:

- Legislation governing registration of companies
- Registration and approval of company of names
- Registration system
- Contents of registration of forms
- Maintenance of archive
- Publication and use of trade names journal
- Role of employees of the commercial registry
- Facilities
- Role of the Registrar

21:00: Dinner organized by Dr. Abu Enein, Registrar, for all participants

Annex III

Needs - Analysis Workshop on the Commercial Registry Trade Information Centre, Foreign Aid Building, 2nd Floor, Cairo September 6th, 2006 10:00 to 13:00

Agenda

9:45 Coffee and soft drink

10:15 Introduction of the purpose of workshop by Dr. Mustafa Abu Enein, Registrar of the Commercial Registry, and Mrs. Monique Courchesne, Senior Legal Advisor, TARP II

10:30 Introduction of participants.

10:45- 13:00 Exchange of information about the issues or needs of the Commercial Registry with regard to the following items:

- Legislation governing registration of companies
- Registration and approval of company of names
- Registration system
- Contents of registration of forms
- Maintenance of archives
- Publication and use of trade names journal
- Role of employees of the commercial registry
- Facilities
- Role of the Registrar