



The Egyptian Exchange  
البورصة المصرية

# Nominated Advisors Guide

## Small & Medium Enterprises Market



[www.egxsmes.com.eg](http://www.egxsmes.com.eg)

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# Introduction

The process of listing in the SMEs market requires contracting the company that wishes to be listed, with a certified and registered nominated advisor in the registry of the SMEs market.

The Nominated Advisor should be responsible for assisting the company in the stage of listing its shares. Another one of its responsibilities is monitoring the company's compliance with listing and disclosure rules and standards.

The nominated advisor should continue its role for a period of not less than two years from the company's listing date, according to the companies listing and delisting rules in the Egyptian Exchange that were issued by the decision of the Board of Directors of the Financial Regulatory Authority No. (11) for the year 2014 dated January 22, 2014 and effective from February 1, 2014, and its amendments.

Along with, the decision of the Chairman of the Board of Directors No. (168) for the year 2012 and No. (918) for the year 2020, concerning regulating the role of the nominated advisors for SMEs.

The nominated advisor is one of the companies specialized in financial consulting.

Its role is limited to qualifying the company for listing in SMEs market, and the preparation process for the company's Initial Public offering (IPO) in The Egyptian Exchange.

Along with contracting with a company that is licensed to prepare and present research coverage for the listed company's securities semi-annually.

In addition to its role in training the company's employees on understanding and complying with listing and disclosure rules.



## Definition of Nominated Advisors



# Registration Rules of Nominated Advisors

The Board of Directors of The Egyptian Exchange issue a decision of approval of the submitted request by the company wishing to provide the certified nominated advisor services, then these companies become registered in a specific registry in EGX.

The requesting companies are obliged to have the following aspects and conditions in order to be become a registered nominated advisor:-

**Firstly**, it must have a license from the Financial Regulatory Authority to practice one of the following activities:

1. Financial consulting.
2. Promoting and covering Initial Public Offerings.
3. Contributing in establishing companies that issue securities and increasing capital.
4. Venture Capital.
5. Direct Investment Funds.

**Secondly**, to conclude a contract with the Egyptian Exchange that regulates the rights and obligations of each of them, including the financial obligations that the nominated advisor must pay to The Egyptian Exchange, in case of violating any clause of the contract or any of the legislative rules regulating and governing the market.

**Thirdly**, the registration application should be submitted in accordance with the defined form prepared by EGX, and Attached to all the specified documents in that form.

الرمز	السعر	التغير اليومي	النسبة المئوية
11.000	11.200	11.120	0.81%
14.000	13.680	13.630	0.52%
7.000	6.360	6.310	-4.59%
1.000	0.538	0.536	-0.37%
3.000	13.690	13.040	3.02%
000	0.875	0.870	-4.94%
00	27.990	27.160	5.17%
7	13.740	13.630	0.00%
	11.950	11.910	1.96%
	1.239	1.231	1.06%
	8.770	8.730	1.04%
	11.570		-0.42%

## Conditions for Sustaining the Registration of Nominated Advisors

Nominated advisors are obliged to the following conditions:-

1. Complete separation between SMEs Advisory activities and any other licensed activities.
2. Continuous verification of the absence of any conflict of interest between the nominated advisor and its employees on one side, and between the supported SMEs on the other side.
3. Familiarity of supported SME's management with all the capital market's governing rules.
  - Awareness of Listing rules and procedures and the obligations related.
  - Training and monitoring the performance of supported SMEs investor relations personnel and notifying EGX in case any of them quit their jobs with clarification of the reason for that.

4. Providing Recommendations and guidance for supported SMEs, particularly during all listing stages in EGX, and in procedures of execution of initial public offering
5. Periodic verification of fulfillment of supported SME's Listing and disclosure obligatory requirements.
6. Instant response to EGX's inquiries concerning supported SMEs and notifying EGX in case of any violation of governing rules of the market.
7. Not having previous penalties or precautionary measures of suspension issued from Financial Regulatory Authority.



# Steps for Registration

1



The Company wishing to provide the certified nominated advisor services should apply for their registration in EGX through submission of defined form, and attaching all the specified documents.

2



Reviewing and assessment of the Finalized application and all the attachments by the board of Directors of EGX.

3



Then, decision of registration is issued, in case of approval of application by Board of Directors of EGX, with the condition that the contract should be signed by both parties in a specified period of time, otherwise the approval expires.

4



In case of rejection of submitted application, The Board of Directors of EGX should issue a decision with adequate explanation of the reasons of rejection.





# Obligations of Nominated Advisors



1. The company registered as a nominated advisor in EGX is obligated to contract with one of the companies licensed to conduct researches on listed companies, in order to obtain research coverage for the securities of supported SMEs, and this should be done at least on semiannual basis.
2. The actual person in charge of managing the nominated advisor company should conclude an independent contract with each of the supported SMEs. This contract should include the obligations and rights of each party in accordance with the form prepared for this by EGX, provided that the contract includes a condition that it is not permissible to revoke it with one of its parties..... etc.



# Conditions for Preparing Research Coverage

The research coverage should be prepared within the framework of the governing legislative regulations, and in accordance with the generally accepted scientific principles, and finally within rules that ensure the impartiality of research coverage.

Research coverage should include at least the following items:

## **Summary:**

Investment recommendations, security's performance analysis and a summary of the most prominent opportunities and challenges supported by the main axes on which the company depends.

## **Content:**

A brief about the company, including an overview of the market, industry, with the company's business model, performance analysis, business results, financial analysis of the company, actual and expected financial statements, with clarification of the assumptions and evaluation (methodology and evaluation methods used).

# Countermeasures in case of Violating Governing Obligations

If the registered nominated advisor in any case, either violates the rules and obligations regulating and governing its role in the market, or violates the clauses contained in the signed contract with EGX, as well as the contract signed with the supported SME, or in case of not complying with the previously agreed on registration conditions. Then, the board of directors of EGX has the right to take one or more countermeasures of the following: -

1. Send a warning of the violations attributed to the nominated advisor.
2. Prohibition of concluding new contracts with listed SMEs in the market and not accepting new SMEs' listing applications for a period that to be determined by the Board.
3. Suspending the registration of the nominated advisor in EGX.
4. Imposing a financial obligation on the nominated advisor in accordance with the contract concluded with EGX.





# Cases of Enforced Deregistration

1. If the nominated advisor doesn't support any SME within two years from the date of registration in EXG or from the date of listing of his last supported SME.
2. If the nominated advisor doesn't contract with one of the companies licensed to conduct researches on listed companies, in order to obtain research coverage for the securities of SMEs, which should be done at least on a semiannual basis.
3. Failure of the nominated advisor in Training and monitoring the performance of SMEs investor relations personnel and notifying EGX in case any of them quit their jobs with clarification of the reason for that.
4. Any breach of the terms of the contract or of the legislative regulations governing the market by the nominated advisor, which the board of directors of EGX deems to be a breach that results in any damage to the other parties.

# Possibility of Re-registering Nominated Advisors after Deregistration

**Is it possible to apply for registration for deregistered companies?**

Yes, provided that at least two years have passed from the date of deregistration.

**Can the nominated advisor apply for voluntary deregistration?**

Yes, given the following conditions:-

1. Provide evidence of fulfillment of all its obligations towards the supported SMEs and towards EGX.
2. And evidence that it has notified those SMEs at least a month in advance of the termination of the contract.



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