

21/2/2022 Below is an updated version of the inquiries and responses:

| | Inquiries | Responses |
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| 1. | <p>What is meant by branches of foreign companies and their subsidiaries?</p> <p>Does the exception apply to companies indirectly owned by foreign companies?</p> <p>The subsidiaries of foreign companies are an Egyptian joint stock company that includes non-Egyptian shareholders (the inquiry is what is the shareholder's percentage in which we consider the company to be affiliated with a foreign company)</p> <p>The importing company may have its legal entity as an Egyptian joint stock company, but it is owned in the final way (ultimate beneficial owner) by a foreign entity. Is it considered one of the foreign companies? Please clarify</p> | <p>Subsidiaries are the Egyptian companies affiliated with foreign companies abroad, in which the foreign partner's contribution represents more than 50%, whether direct or indirect</p> |
| 2. | <p>In regard to excluding branches of foreign companies and their subsidiaries, what is the scope of application in case the parent company is a foreign company and the subsidiary company is an Egyptian joint stock company? and what is the classification of those foreign companies?</p> <p>Foreign companies have been excluded in the publication - please confirm that import operations are intended from any of their approved suppliers and not on shipments received from subsidiaries / parent company only</p> <p>For the exempted companies, is there a condition to limit the import from the parent company only or from any other external supplier?</p> | <p>The exception is limited to the dealings of branches of foreign companies as well Subsidiaries of foreign companies within the scope of import operations from The parent company and its groups only</p> |
| 3. | <p>Excluding branches of foreign companies and subsidiaries: Clarify the extent to which the aforementioned exception is identical in the event that the companies that are linked to foreign companies as a result of their being subject to the management of the parent group abroad management control despite being owned by the group with a non-controlling interest "less than 51"</p> | <p>Dealing is done through documentary credits only</p> |
| 4. | <p>Special purpose companies established specifically to import from the parent group on behalf of foreign companies operating in the local market, bearing in mind that these companies are subject to actual control by foreign companies</p> | <p>If the ownership is more than 50%, it is excluded from the decision</p> |
| 5. | <p>Do the subsidiaries include agents of foreign companies from Egyptian companies?</p> <p>Are the authorized agents of companies such as "car dealerships" considered as exempt companies?</p> | <p>Dealing is done through documentary credits only</p> |
| 6. | <p>Are foreign companies that import through customs clearance companies or brokers excluded, where the documents are in the name of the foreign company, but the broker uses the import card to extract Form 4</p> | <p>In light of the documents being in the name of the foreign company and that the import is within the scope of import operations from the parent company and its groups only, in this case the import operation falls within the framework of the exception granted to the branches of foreign companies and subsidiaries of foreign companies and permitting its implementation through collection documents</p> |
| 7. | <p>In case that there is a sister commercial company and/or the parent company that imports from more than one country and transfers documents to its subsidiaries in several countries, will it be required to open credits to the sister company abroad or to the parent company?</p> | <p>The exception is for subsidiaries, which are Egyptian companies affiliated with foreign companies abroad, in which the foreign partner's shareholding represents more than 50%, whether direct or indirect, and that the import is within the scope of import operations from the parent company and its groups only</p> |
| 8. | <p>In case that the free zone companies import for their benefit (import from outside Egypt), do these instructions apply in such a case?</p> <p>Regarding the import operations for companies operating under the free zone system, which are carried out through direct transfers and do not require the issuance of Form [4], are they usually implemented or does this also require implementation through documentary credits?</p> <p>What about free zone companies that do not need to approve Form 4, Are advances made for them?</p> | <p>*Any import or purchase to the local market from free zones, whether in Egyptian pounds or foreign currencies, is through documentary credits</p> |
| 9. | <p>What is the position of the free zone companies regarding the instructions concerning their dealings with each other and companies in Egypt through purchase/sale operations to and from the local market in local currency?</p> | <p>*As for the transactions of the external free zones, they are carried out according to the usual, before the decision is issued</p> |

11.3.2022 / 5454

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| | What is the position of the free zone companies regarding the instructions concerning their dealings with each other and companies in Egypt through purchase/sale operations to and from the local market in foreign currencies? | |
| 10 | In case that there is a sister company to a free zone company and you import from it, is the documentary credit also dealt with? | Dealing is done through documentary credits only |
| 11 | Is it permissible to continue to accept collection documents from companies of a private nature or that do not issue Form 4 (for example: petroleum companies / special economic zones)? | Dealing is done through documentary credits only, with the exception of border trade |
| 12 | There are stacked goods in the ports (especially China) and the shipment is carried out successively due to the absence of containers and the documents will be received after the date of the instructions, a form 4 will be issued on it | Providing the Central Bank with details of each case separately |
| 13 | In case that the customer pays an advance payment on the strength of the (Advance Payment) collection documents -partially or completely before the decision is issued - but the goods have not been shipped, or the shipment will take place after the date of the decision In case that the customer has transferred an advance part of the invoice amount based on the contracting and payment terms and has transferred parts of the value of the same invoice in batches and the shipment has not taken place until the date of the instructions, will the collection documents be accepted? There are processes on our part in which customers paid a partial advance payment before 13/2/2022, and customers request to complete the payment of the rest of the advance payment (the rest of the value of the initial invoice) according to the terms of the initial invoice, before receiving the shipping documents. Is the customer's request being responded to? What about the advance payment transfers issued by the bank's customers before the decision is issued, is it dealt with as part of the credit value when the customer opens the documentary credit? Is there a grace period to reconcile the situation, Especially for customers who have already transferred advance payments for the import process? | if the advance payment is 100% before the decision is issued, the import process can be completed through the collection documents according to the customer's request (actual implementation as of 22/2/2022) But if the advance payment is a partial payment and before the decision is issued, the import process is completed by opening a documentary credit with the remaining amount and the documents are in full value (for example: 20% was paid as an advance payment, a documentary credit of 80% is opened, provided that the shipping documents are returned with the full value of the operation import) |
| 14 | What is the status of operations that will take place from February 14 to March 1 and will be shipped after February 13? | Actual Implementation as of 22/02/2022 to accommodate the shipments that were prepared before the issuance of this decision |
| 15 | Are foreign transfers stopped as advances for import operations? | Import operations are carried out through documentary credits and transfer of advance payments in accordance with the previous business and the pattern of the customer's dealings before the decision is issued. |
| 16 | In case that customers request to transfer advance payments with an undertaking to open credits later - is it considered in line with the instructions issued or not? Is it possible to make advance payments - on documentary credits that will be opened - later? | |
| 17 | Is it allowed to open Stand by LC? Are shipping documents accepted and dealt with if the customer is granted Standby LCs facilitation? Do we accept the issuance of SBLCs, noting that the customer uses this tool to avoid opening multiple credits and then using the collection documents afterwards? In the case of a fully covered stand by LCs 100% guarantee of unsupported shipping documents, is this customer excluded in the adoption of Form 4 on the strength of shipping documents received from the customer? | Providing the Central Bank with details of each case separately |
| 18 | Does the decision apply to companies that import with the temporary permit system? Cases of release and temporary permission for export customers, especially exporters of ready-made garments, to import many small components in preparation for exporting them as a final product What is the classification and re-export companies way of dealing and temporary permission, as the import process does not require customs release or the issuance of Form 4? In the case of releasing the temporary release system, as the customer imports through the collection documents, because the customer carries out manufacturing operations as an added value to the imported goods in order to re-export them again, as there is no final release in such a case, Will the circulation of collection documents be accepted? | Excluded and shipping documents are accepted |

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| 19 | Regarding exporters and import operations for the required raw materials, is it permissible to exempt the exporter from the import documentary credit requirement? Where often these raw materials are contracted through the source's clients, and the cost of import and trading credits will be charged to our clients, as it is a local request and has not been requested from the supplier of raw materials, which affects the already small profit margin from export operations and exporters do not have cost passing ability due to competition in the global market, and export contracts are often for a relatively long period and fixed prices. | Excluded in the case of temporary permission and shipping documents are accepted |
| 20 | Are the bank's enhanced collection documents (avalized) treated as similar to documentary credits or collection documents? Especially since it bears the same nature of commitment in general The position of the shipping documents issued under Avalized system (an accepted bill of exchange issued by the exporter's bank is sent to the importer's bank, and its acceptance means the acceptance of financing and the acceptance of documents coming from abroad) | (Avalized) collection documents are not treated as documentary credits and are only dealt with by opening documentary credits |
| 21 | Are Governmental entities exempt from the decision issued on February 13, 2022? What is the position of government companies, sovereign entities, companies and their affiliates, especially in the case of advance payment, which includes, for example, national projects such as "Takaful wa Karama"(Solidarity and dignity), new and renewable energy projects and new cities | Dealing is done through documentary credits only |
| 22 | Are sovereign entities and subsidiaries that do not extract Form 4 excluded, as customs release is made without the need for Form 4? In cases where the customer imports in favor of the sovereign authorities, which in turn do not issue Form 4, will the transfer request be executed without issuing a documentary credit? | Providing the Central Bank with details of each case separately |
| 23 | In cases of import of production lines, spare parts and the like for private use and releasing using Form 6 where the goods are not released and without the adoption of Form 4, will the transfer request be implemented? | Excluded and shipping documents are accepted |
| 24 | Electronic goods that are assembled in the Arab Republic of Egypt consist of a local manufacturing part + the imported foreign component, mostly with collection documents under the principle of trust in dealing between the two parties | Dealing is done through documentary credits only |
| 25 | Informed by some Customers about the import operations registered on CARGO X system that they are not required to open documentary credits - please advise | Providing the Central Bank with details of each case separately |
| 26 | Informing by the following points to grant customers credit finance (letter of credits and refinancing) covered by 100% according to the following: 1- The possibility of deleting the following documents from the covered financing transaction: A - Customer's request B - The declaration of the banks and the declaration of the related companies signed by those who have the right to sign on behalf of the company C - Certificate from a chartered accountant with tax and insurance position D - a valid tax card E - The company's contract and its amendments / companies newspaper or investment newspaper (incorporation, amendments - statement of shareholder ratios) H - A letter stating the following: number of employees, company sales, total fixed assets, total current assets (specific to Central Bank declarations) 2- Not to make a credit inquiry, the consolidated credit statement and I- Score for the company and shareholders Regarding the proposed facilities to support companies to switch to the use of documentary credits within the limits and credit facilities established by banks, please kindly clarify whether it is possible to agree to provide these facilities based on studying the behavior of customers with their suppliers during the transactions that took place with our bank and before completing some parts of the credit grants including "Field inquiries and obtaining part of the documents (inquiry authorization, related parties form, presenting the recent original commercial register showing who has the right to borrow and mortgage, Is it necessary to obtain the required documents before granting financing, such as the approval of banks and the approval of related companies, in case of opening fully covered documentary credits? It is proposed to issue special procedures to facilitate granting customers limits in documentary credits that are compatible with the nature of small traders and also guarantee the rights of banks in case that traders breach their obligations if the documentary credit is not covered in terms of facilitating procedures for small importers. | The risk guarantee program is used with the credit risk guarantee company according to the letter of Mr. Deputy Governor No. 55 dated February 20, 2022 in case that the client does not enjoy credit facilities at the level of the banking sector |

11.3.2022 / 5454

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| | <p>As for the collection documents, "without obligation to the bank", documentary credits will be opened instead of them according to the instructions, and the question here is whether there will be simplified procedures for normal conditions in light of the significant increase in the number of new credit customers as a result of replacing the collection documents with credits</p> <p>For example:</p> <ul style="list-style-type: none"> - Is it obligatory to make a full inquiry with a field visit, or is it sufficient to make a combined statement, Escor, Protesto and bankruptcy "especially in the first period when granting" and in case that the results of the combined statement are negative, such as the fact that the customer has stopped paying with one of the dealing banks or executed... Is there Prohibition or violation if granted limit credits? <p>Acknowledgment procedures for related parties, which require many documents such as "commercial register - companies newspaper - Establishment contract - financial statements - national ID cards for board members and shareholders above 10% and joint partners...".</p> <ul style="list-style-type: none"> - Will the fully covered documentary credit in the cash cover account (not included in deposits or any other cash guarantee) be declared? Will the fully covered cash credit be treated in the same currency as the fully covered credit (in addition to Marge), but in the Egyptian pound? <p>Referring to the instructions:</p> <ul style="list-style-type: none"> * How will the degree of creditworthiness be determined and the required provisions be calculated, will this be done based on specific instructions from the Central Bank, or will it be determined according to the bank's decision? * As for the monthly declarations required from the Central Bank of Egypt and i-Score company regarding customers who obtain credit facilities, will there be an exceptional treatment for these customers, or will they be declared in light of the usual procedures, as there may be difficulty in some cases due to the need to complete certain documents from customers [for example: declaration of related parties, declaration of dealing with banks / identification documents for shareholders / ... etc.], which may contradict the concept of opening credits without requiring the client to submit any documents other than the documents of the business process | |
| 27 | If the credit is fully covered, will interest be granted on the amount of insurance? | Decision up to each bank |
| 28 | <p>In the case of incoming collection documents with a shipping date later than the publication - are the documents rejected and returned to the correspondent bank with a statement if there is a period to correct the situation, knowing that there are some contracted shipments according to previously defined shipping schedules, as well as the time difference between us and some countries in addition, some customers are being notified of the decision</p> <p>The position of what was shipped/arranged for shipment after the decision was issued, or the goods in the ports that were agreed upon</p> <p>What about when a collection document is received with a shipment date after the issuance of the decision, is it returned abroad again and stated that it was returned according to the instructions of the Central Bank?</p> <p>Will any collection documents received by the bank and the shipping date appearing in the bill of lading exceed the date of the decision being issued, will they be returned immediately to the bank that sent the documents?</p> | If shipment is made before February 22, 2022, the documents are accepted and the import process is carried out through collection documents. |
| 29 | <p>Is there a specific commodity that is excluded from the cash cover?</p> <p>Is there a change in the cash covers instructions?</p> | The instructions issued by the Central Bank in this matter have not been changed, and the decision is only for amending the nature of import operations |
| 30 | Are the commissions for opening credits applied to clients previously dealing with them through collection documents? since the collection documents have very low commissions compared to the commissions for opening credits | Banks have been directed to reduce all commissions for documentary credits that will be opened in all banks for their customers who have a history of importing through collection documents only and from the same bank to be at the same percentage of commission for collection documents that was calculated for bank customers |
| 31 | "Reporting the position of banks' commitment to the instructions regarding the obligation to collect a cash cover of 100% of the import operations that are carried out under documentary credits opened for importing goods for the commercial companies or for the government agencies (issued by the periodic instructions of the Central Bank No. 512 issued on December 21, 2015 and its amendments No. issued 31 dated February 22, 2016), which Stated the goods excluded from these instructions, including the import of basic food commodities, medicines and vaccines ... etc. | The instructions issued by the Central Bank in this matter have not been changed, and the decision is only for amending the nature of import operations, banks must be committed to these instructions |
| 32 | In the case of import operations that take place under the system of Open Accounts between Egyptian companies and their foreign branches (Egyptian companies that have branches in foreign countries) is it accepted to work with collection documents/direct transfers (similar to foreign companies that have branches/subsidiaries within the Arab Republic of Egypt) or it is worked by documentary credits? | Dealing is done through documentary credits only |

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| | Is it permissible to exclude companies owned by legal entities established abroad by Egyptian persons? | |
| 33 | The position of non-commercial transfers such as freight charges, insurance, software for example and not limited to | It is performed by direct transfer |
| 34 | As for the transfers for software purchases, are they implemented as transfers without following up on submitting documents because they are received via the Internet, as is currently the case, or is their implementation stopped? (noting that it cannot be implemented as a documentary credit according to its nature) | |
| 35 | Is air freight considered within the definition of express mail? | Air freight is not necessarily an express mail |
| 36 | What is meant by shipments received by express mail, according to the press release of the Federation of Egyptian Banks, and does air freight fall under this item? | |
| 37 | Is an Egyptian limited liability company established for the purpose of importing veterinary vaccines for a foreign company established in Egypt entitled to deal according to documents with collection fee instead of a documentary credit? Since the Investment Law does not allow companies owned by more than 51% of the contribution for non-Egyptians to obtain an import card. And what is the position of the human corneas of the decision? | Vaccines, serums and human corneas are excluded from the decision |
| 38 | Regarding the commodities excluded from the decision (according to the press release issued by the Federation of Egyptian Banks) - Are live livestock and live poultry exempt from the decision? - Are veterinary medicines excluded from the decision, as are their chemicals? - Are chemicals related to agricultural activities excluded from the decision? - Are agricultural seeds excluded from the decision? | Live livestock, live poultry, veterinary medicines and their chemicals are excluded from the decision. As for chemicals related to agricultural activities and agricultural seeds, they are not excluded from the decision and are implemented through opening documentary credits only. |
| 39 | In the case of partnership between customers in one bill of lading for importing raw materials or foodstuffs, and each of them approves his part by paying and approving Form 4, will more than one documentary credit be opened with one bill of lading? | Dealing is done through documentary credits only |
| 40 | What is the position of the annual contracts with suppliers abroad, which were made before the issuance of the decision, and which include a monthly or quarterly share issued by the external supplier through shipping documents with supplier facilities, whether reinforced or not for local customers? Will the documents be accepted for the current period or the end of the annual contract? (Example: SABIC and Borouge). | Dealing is done through documentary credits only |
| 41 | What is the position of importing companies (commercial/industrial) with legal structure (Egyptian joint stock company) and that have exclusive distribution contracts for foreign companies? Is it possible to continue using documentary collection? | Dealing is done through documentary credits only |
| 42 | What is the standard document in case of import for (MNC) international companies? Is it the commercial invoice or the bill of lading, as it is possible that the beneficiary is the parent company while the manufacturing is from another source? | Limited to the name of the exporter being in the documents (the parent company or its groups only) |
| 43 | Regarding import operations undertaken through a third party by using a third party import company, will the foreign company's exemption apply to those operations? | If the documents are in the name of the parent company or its groups only |
| 44 | In the case of importing for private use (Form 6), does the import continue through documentary collection, or should a credit be opened? | Excluded and shipping documents are accepted |
| 45 | What is required at import operations for Externally funded government entities (IFC / EBRD / AFREX) in return for a risk guarantee? Or in the case of having our bank as a local agent | There is no relationship between financing and the payment mechanism |

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| 46 | <p>Regarding the instructions that states that banks reduce the commissions for documentary credits to be like the commissions for the collection documents. Please kindly clarify if what is meant by this is the issuance commission only, as there are expenses (and not commissions that the bank collects for itself) related to the issuance of the documentary credit, which includes, for example:</p> <p>Swift issuance expenses Express Mail expenses Relative stamp tax Insurance fees for issuing the insurance document through cargo insurance companies</p> <p>These expenses are paid to other parties in the framework of issuing the documentary credit, and in case that the customer does not pay these expenses so that the bank in turn pays them, the bank will bear these expenses on behalf of the customer, which will incur a very high cost to the bank. Please kindly reinforce our understanding that the Central's instructions are limited to the issuance commission, in addition to the issuance expenses that other parties receive.</p> | Total commissions do not exceed what was applied to the same customer at the same bank on collection documents |
| 47 | Is there a entity that determines the goods that are imported or not? | There is not |
| 48 | Please advise, are there limits for express mail? | There are not |
| 49 | In case that an authorized agent in Egypt for a foreign company requests the replacement of goods within the framework of the warranty for the imported goods from that foreign company, is the decision applied to him? | Excluded and shipping documents are accepted |