

## Regional Secured Transactions Assessment – Egypt

### Specific types of security / syndicated lending

The following table relates to specific types of security such as charge over accounts receivable, bank account, insurance claims, equities, debt securities as well as the issues in relation to syndicated landing. The Explanatory Notes describe the methodological approach to the survey.

<b>A</b>	<b>Account Receivables</b>	<b>Grading</b>
1.	Can the security be established over future and/or fluctuating accounts?	0
2.	Can a third party establish if account receivable has been charged?	0
3.	Can security be created without the obligor's acceptance or notification?	2
4.	Can the security be enforced by private sale of receivables or direct collection of payments?	3

<b>B</b>	<b>Bank Account</b>	<b>Grading</b>
1.	Can effective security be created without the account bank's contractual involvement?	0
2.	Can a third party establish if the account has been charged?	0
3.	Can the chargor draw and receive funds while the charge exists?	0

<b>C</b>	<b>Insurance claim</b>	<b>Grading</b>
1.	Does the security cover insurance claim in case of destruction of secured property?	2
2.	Can the security taker takeover the payment of premiums?	2

<b>D</b>	<b>Business Shares</b>	<b>Grading</b>
1.	Can a third party establish the existence of charge over business participation?	0
2.	Are the parties free to agree on the collection of dividends, usage of voting rights and transferability of participations?	0

<b>E</b>	<b>Equity Securities</b>	<b>Grading</b>
1.	Can a third party establish the existence of charge over listed shares?	2

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2.	Are the parties free to agree on the collection of dividends, usage of voting rights and transferability of shares?	2
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<b>F</b>	<b>Debt Securities</b>	<b>Grading</b>
1.	Can a third party establish the existence of charge over debt securities?	2
2.	Are the parties free to agree on the collection of instalments and transferability of debt securities?	2

<b>G</b>	<b>Syndicated Lending</b>	<b>Grading</b>
1.	Is there a possibility to create a security for a person who is not the creditor but representing all members of the bank syndicate (security manager)?	2
2.	Has the parallel debt or other security management structure used in practice been recognised by known court decision?	0
3.	Does the security manager have the right to start enforcement?	3
4.	Are security and parallel debt insulated from the insolvency estate of the security manager?	0

### Remarks

A3	Notification of the obligor is required.
C1	The mortgage does not automatically cover insurance claims. This is left to the agreement of the parties. In practice, agreeing that the mortgagor holds insurance for the benefit of the mortgagee is very common.
C2	A mortgage agreement will also usually contain a clause stipulating that the mortgagee may step in to take over payment of insurance premiums and any paid amounts will then be debited from the mortgagor's account..
E1	A third party may not establish the existence of a charge over shares unless empowered by the chargor or the company whose shares are charged.
E2	The charge includes the right to collect dividends. Charged shares are not transferable. However, the companies' law contains restrictions with respect to the transfer of voting rights. Voting can only be carried out by the original shareholder or a legal person someone with a proxy.
F1	A third party may not establish the existence of a pledge of securities separately from the chargor or the company whose securities are charged
F2	The parties may agree on who is entitled to collect instalments. As for the transferability of the debt securities, the pledgor may not dispose of the charged debt securities during the charge. Voting rights will always be vested in the owner of the securities/chargor.
G1	Parallel debt structures are used in practice without supportive legal provisions.