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01 Investing in the Sports Field in Egypt

Egypt has promulgated Law no. 71 of 2017 effectively regulating all sporting and sports related activities and services. One notable requirement is that entities which conduct sports services must be structured legally as a joint stock company (JSC). Furthermore, Sporting clubs can establish branches also in the form of a JSC participating by the club, its members and investors as well. Sporting companies are obligated to obtain the required permits and licenses from the Ministry of Youth and Sports to carry out their activities under this law.

Additionally, such companies are subject to financial oversight and must regularly submit financial statements to the competent authorities. In addition to financial supervision, the aforementioned companies are must charge pre-specified minimum and maximum fees for the provision of their services as declared by the Minister of Youth and Sports.

Sporting companies are entitled to issue their shares through a public offering and ultimately enlist on the Egyptian Exchange, in accordance with the provisions of the Egyptian Capital Market law.

The law has set some provisions concerning sports dispute resolutions, where an "Egyptian Sports Arbitration Center"



has been established specifically to resolve the following types of disputes:

- TV broadcast contracts for matches and competitions.
- Professional player sponsorship contract
- Advertising contracts
- Training contracts by and between clubs and coaches
- Players, players' agents' contracts
- Any other sports dispute

The said Center has an independent juristic personality, additionally, the dispute resolution mechanisms applied at that Center shall be implemented through mediation, conciliation, or sports arbitration.

It is our belief that the coining of this law was a crucial step which has subsequently bolstered investor confidence and attracted fresh investments in the sports field. It has also enabled the Egyptian government to uphold essential values such as financial transparency and fair play as part of its crackdown on corruption.

Mariam Abo El-Magd
Trainee Lawyer



02 Bill Protecting Sexual Abuse Victims' Identities

In a move towards a safer society for women and people with less privilege, Egyptian parliament approved a bill amending the Egyptian Criminal Procedures' law, granting the identities of claimants in sexual abuse crimes automatic anonymity.

The approved bill adds a new article, Article 113 bis, to the Penal Code no. 58/1950. This article stipulates that the investigation authorities are barred from recording the personal information of the victims in crimes listed in the fourth chapter of the third book of the Penal Code, crimes in articles 306 bis a, and 306 bis b of the same code, and the crimes in article 96 of the Child Protection law no. 12/1996.

Crimes in the first mentioned chapter are abuse crimes, and those of articles 306 bis a and b are sexual harassment crimes, and in the last-mentioned article, are the crimes are related to child abuse, all of which require special treatment to the victims due to their special nature.

This amendment came after an influx of stories about sexual abuse and rape came to light on social media last June. The flame of this influx came after a young lady

established an Instagram account collecting affidavits by the victims of a young man who was said to have harassed **over one hundred girls** and raped some of them and a boy. Afterwards, all of Egypt's social media started a discourse that was long overdue. Many victims started to share their stories, and the number of victims was unbelievable to many people, but it was believable to many others because they either witnessed harassment and abuse or were abused themselves.

This discourse and proliferation of stories caused a change in the Egyptian society's daily conversation, and this change was an eye-opener to many, including the legislature. In July, the House of Representatives discussed the matter after the aforementioned bill was referred to it by the executive authority who studied the phenomenon and came to the conclusion that the lack of protection of victims from the stigma and threats that they would face has caused a chilling effect and prevented them from exercising their legitimate rights.

The new amendment came in protection of and in compliance

With the constitutional/human basic rights to privacy and safety of life provided for in articles 58 and 59 of the Egyptian Constitution consecutively, and Article 17 of the International Covenant on Civil and Political Rights that is ratified by Egypt.

In addition, it reinforces the fundamental right to freedom of expression provided for in article 65 of the Constitution and article 19 of the ICCPR, which gives individuals the ability to refrain from disclosing certain information that they rather not disclose. This reinforcement of basic constitutional rights paves the way towards a better chance at equality and a better regulation of crimes like rape and assault.

The new regulation that is needed to ensure that criminals of such crimes will always pay the price of the terror they have caused the victims, and the status of lack of safety that women, other victims and households have been living with for a long time. The government is leading the society to a time where victims will not face stigma, will not fear for their lives and will never second-guess their decisions to speak up and report crimes.



03 New Building Reconciliation Law

“property owners can submit violation reconciliation requests”

Although some reacted with dismay and frustration when they heard that the Notary Public Agency had issued a new directive on September 2nd requiring notaries public to halt real estate property registration procedures until the applicant’s acquisition of a certified affidavit from the competent governorate confirming that the relevant property had no construction violations, this directive is an important step forward in formalizing the ownership of real estate assets and legalizing related transactions. Such a directive operates in tandem with Construction Violation Reconciliation Law No. 17/2019, which was amended by Law No. 1/2020.

The Directive’s Legal Ramifications

Prior to the issuance of the Notary Public Agency’s directive, owners of unregistered property took advantage of Law No. 17/2019 to legitimize the status of real estate assets even when such assets were blighted by construction violations because there was no tangible way of enforcing the 2020 amendments to the law.

The most significant amendment was to Article 1 of the law, which listed irreconcilable violations. Irreconcilable violations represent a permanent obstacle to a property’s registration. Such violations include:

- Buildings with public safety violations,
- Buildings that violate established organizational plans,
- Buildings with a height in violation of Civil Aviation Authority regulations or public defense requirements,
- Buildings on land owned by the state
- Buildings on land subject to the Antiquities and Nile River Protection Laws
- Buildings outside of designated construction areas

If the violation is not one of the irreconcilable cases listed above, property owners can submit violation reconciliation requests to the competent district or authority with jurisdiction over the area in which the property is located. The authorities will study the request and may accept or reject it. If the reconciliation request is accepted, the applicant must pay a reconciliation amount that could range from EGP 50 per square meter to EGP 2000 per square meter.

Registration of Transactions vs. Registration of Real Estate

Interviews with unregistered property owners revealed a confusion between the registration of a real estate transaction and the registration of the property itself. Unregistered properties have been leased, sold, and inherited for decades because the registration of the property itself wasn't a precondition for transactions concerning it.

Is the Signature Authentication Case Sufficient?

The signature authentication case has long been viewed as a "back door" way to legitimize real estate transactions. A signature authentication case is a pre-emptive lawsuit filed before the civil courts to prove the authenticity of a signature on a binding document to prevent future accusations of forgery that could invalidate the transaction. Signature authentication cases do not constitute the registration of real estate sale transactions. They simply serve as evidence that the parties to the sale will register the transaction once the full sale price has been paid, proof that the sale transaction occurred, and a barrier to the fraudulent sale of the same property to multiple buyers, giving the first buyer pre-emption rights over any future claims to the property's ownership. The sales contract is classified as a "preliminary agreement" when it is antecedent to the property's registration, and the sale is not legally final.

Does the Unregistered Status of Property Affect Collateralized Transactions?

A collateralized transaction is one in which assets are used to ensure payment of a debt or the fulfillment of

an obligation. Commercial bank loans are notorious for requiring the some or all of the company's assets as collateral. In a similar vein, shareholders in capital companies who contribute in-kind capital often do so in the form of real estate assets. A severe depreciation in the appraisal value of an in-kind share during a company's annual audit or in preparation for a merger or acquisition could transform a shareholder from a majority to a minority shareholder. If an irreconcilable violation precludes the registration of a real estate property or the competent district refuses to register the property, then the creditor to whom the property should be transferred in the event of a default on a loan or the sale of a company is placed in an untenable position, namely the potential nullification of the contract.

Commercial contracts may be nullified if the parties entered into the agreement under false pretenses or were defrauded even if such nullification is limited in scope to the parties to the particular contract and does not extend to third party claims related thereto. Although Law No. 17/2019 has not been in force long enough to allow for the establishment of court precedents governing its externalities, creditors could claim that all property owners, in light of the Notary Public Agency's directive, have an implied obligation to confirm that any real estate property that will be the subject of a transaction, is registered and free of irreconcilable violations. Thus, confiscation of such property resulting from the seller's failure to do so would entitle the buyer to compensation, and ignorance of the property's status would be an insufficient defense for the seller.

Would Government Confiscation of Unregistered Real Estate be Litigable?

Concerns about the amount and timing of government compensation for the potential confiscation of unregistered real estate with construction violations were common among property owners in informal areas. News reports concerning the recent demolitions of unregistered property have framed the matter of property registration as one that only concerns low-income residents of informal areas. That is not the case. International investors who purchase commercial real estate and are unaware that the property is unregistered or are unable to register property due to inherent, irreconcilable violations **may be at risk of having such property expropriated by the state.**

The Egyptian government's eagerness to attract foreign investment mitigates the likelihood that investment properties could be subject to physical expropriation. Tacit expropriation, on the other hand, occurs when an investor is unable to utilize the property for the purpose for which he obtained it. Such a scenario could occur when a foreign investor purchases industrial real estate and is unable to re-license it as a commercial property because of irreconcilable violations, depriving the investor of his ability to use and exploit his investment.

Bilateral investment treaties do not protect foreign investors when expropriation is in accordance with the host country's laws, is not arbitrary, and is in exchange for appropriate compensation. The legal symbiosis between the Notary Public Authority's directive and other legislation protects the government from international arbitration on the first point but leaves it vulnerable to claims that could

be filed on the second and third points. There is indeed a certain amount of arbitrariness to permitting a company to list a property as its headquarters on official company documents, issue licenses, collect fees on property transactions involving such property, then issuing a law that could render the property completely worthless. Furthermore, property assessments and appraisals fail to take into account the funds that have been invested into the property and potential profits that the investor could have generated from the property, which calls into doubt whether the compensation received (if any) is, indeed, appropriate. Investors are especially susceptible to unintentionally acquiring ownership of real estate that has been constructed on land owned by the state or that is in violation of urban planning documents. Given the appropriate circumstances, the enforcement of Law No. 17/2019 and the Public Notaries Directive could give rise to future investor-state arbitration disputes. Still, the government is actively trying to create a favorable investment and construction climate, extending the deadline to register violations until 31st October and lifting the ban on new construction. There are now discounts on property registration fees ranging from 20% to 70%, depending on the governorate.



04 Constitutionality of Article 25 of the DPL

Article no. 25, dubbed “the controversial article”, found in Law number 175 of the Year 2018,[LW1] raises an important question after the prosecution of several citizens by its virtue.

Better known as the Data Protection Law, it has provided the legal grounds for imprisonment and/or fining of those who pose as threats to any “family principles or values.”

While it is theoretically a respectable move by the legislators, practically, it is not sound nor sufficient. The reason being that the article is vague and largely open to interpretation. [LW2]

On a more important note, it must be noted that article no. 25 is in direct contradiction with article number 95 of the Egyptian Constitution which strongly stresses on the importance on punishing only based on laws, and the personality of each penalty. We must further consider the intention of the legislators while laying out this article. It was initially drafted in this manner to ensure that laws be sufficiently precise in order for those committing a crime to be able to foresee the consequences of their actions beforehand. Additionally,

this very article defies and contradicts the reason behind issuance of this law, which was to address **cybercriminal activities**.

In legal psychology, a “rational person” cannot be expected to fully understand the law, further, they are not expected to interpret nor seek legal advice in a general manner. Therefore, it cannot be expected that this same “rational person” be prosecuted under a vague law.

We must also investigate the country’s legal system when considering the level of precision expected from the legislator when drafting and enforcing the law. In Civil Law countries such as Egypt, laws must carry a much higher level of precision than say Common Law, considering the key role that the wording of the law may impose.

Upon further observance, it becomes clear that article 25 of the Data Protection Law also directly contradicts and conflicts with basic human rights, namely “the Right to Freedom of Expression.” The right to freedom of expression is not only

granted and protected under the Egyptian Constitution, as stipulated under Article 65, but it is, further stipulated and protected by virtue of international treaties which Egypt has both signed and ratified.

Violations of the right to freedom of expression would impose another constitutional infringement, considering that Article 93 of the Egyptian Constitution highlights that the state is committed to agreements, covenants, and international conventions of human rights which have been ratified. Egypt, also, has signed the International Covenant on Civil and Political Rights (ICCPR), which includes article No. 19, which specifically protects the right to freedom of expression.

In conclusion, Article 25 of the Data Protection law would be in direct violation to Article 95 of the Constitution as it is overly vague and does not specify in detail what type of actions act as a threat to "family principles or values." Furthermore, implementing and enforcing the law, and prosecuting those who violate it would breach Article 93 of the Constitution, contradicting international treaties such as the ICCPR.



05 The EastMed Gas Forum: A Closer Look

The natural gas discoveries in the eastern Mediterranean in the past ten years have caused the region to become a viable alternative to supplying energy to Europe, as it revealed long-standing disputes between neighboring countries that are struggling over rights over gas resources. On September 22, 2020, representatives of six countries bordering the Mediterranean Sea signed, in Cairo, an agreement to transform the Eastern Mediterranean Gas Forum, which was previously established in 2019, excluding Turkey and Northern Cyprus, into a regional organization. The six countries that did sign are Egypt, Jordan, Israel, Cyprus, Greece, and Italy.

The Egyptian Minister of Petroleum and Mineral Resources said, in his speech during the signing ceremony, that the forum has officially become a large intergovernmental organization in the Mediterranean region, based in Cairo, and that this represents a great start in the journey of establishing this entity that will gradually develop to become the dominant regional organization over natural gas resources in the eastern Mediterranean.

The newly born organization aims at strengthening cooperation and dev-

elopng an organized and systematic political dialogue on natural gas, contributing, eventually, to the optimal economic exploitation of the Mediterranean bordering states' reserves of this vital resource.

Reflecting the deep belief of the founding countries in the importance of cooperation between them within the framework of this organization, it is looking forward to the membership of other countries in the region as long as they are in line with the objectives of the organization, and share the same goals to achieve the common goal for the welfare of the countries and peoples of the region, with an emphasis on rejecting any acts of violence that hinder the achievement of the region's prosperity; therefore, the organization closes the door in the face of those greedy for the region's rich wealth of gas, specifically Turkey and Northern Cyprus.

The organization, also, amongst its goals, aims to establish a gas market at the regional level, secure trade relations, ensure that supply and demand from the constituent countries are met, rationalize the cost of infrastructure and provide competitive prices.

Given the most prominent exploration companies operating in the Eastern Mediterranean are: Italy's Eni and operates in more than one country; the French company Total, operating in Egypt, Cyprus, Greece and Israel; the Dutch Shell and the British BP company, and a limited presence of a number of American companies headed by Noble Energy and ExxonMobil, the newly born organization removes any concerns of these exploration companies, considering that the signatory states respect international law and preserve the rights of neighboring states, and that there will be no interference in its maritime borders. Thus, these companies are currently in a very bolstered situation after the constitution of this organization, namely, this ensures a political, legal, economic harmony between the constituent states, and that will guarantee safe investment of these companies.

The establishment of the EastMed organization comes after the recent agreements on demarcating the exclusive economic zone borders between the countries of the eastern Mediterranean basin, which were represented by Israel, Cyprus and Lebanon, and between Egypt, Cyprus and Greece, and between Greece and Italy, leaving Turkey and Northern Cyprus (only recognized by Turkey) in a complete isolation in the eastern Mediterranean.

The huge investments expected to be carried out in the Eastern Mediterranean is estimated at billions of dollars. It was inevitable to establish an organization that would

ensure coordination from all sides among its members to divide this enormous wealth of the natural gas resources. It is also expected that the member states of this organization will offer parts of its economic zones to exploration through direct tenders, auctions, or agreements. These steps are followed by a remarkable military, economic, regional, and political movement, but in the end the matter is in the interest of the peoples of the riparian countries in the Eastern Mediterranean.

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