

An aerial photograph of a city, likely New York City, showing a wide river with several bridges. The city is densely packed with buildings of various heights and colors. The image is overlaid with a dark blue gradient, and the title text is centered in white and light blue.

**FINANCIAL REGULATORY  
AUTHORITY FRA  
RESOLUTION NO. 268  
OF 2023**

**JANUARY 2024**

## **REQUIRMENTS AND PROCEDURES FOR INCORPORATING AND LICENSING FINTECH STARTUPS FOR NON-BANKING FINANCE ACTIVITIES:**

The Financial Regulatory Authority (FRA) plays a vital role in regulating and supervising the financial markets in order to maintain stability and protect the interests of investors. In line with the growing significance of financial technology (Fintech) and its potential to revolutionize the non-banking finance sector, the **FRA** has introduced Resolution No. **268** of **2023**. This resolution outlines the rules and procedures for incorporating and licensing startups in Fintech for non-banking finance activities. By providing a comprehensive framework, the **FRA** aims to foster innovation, enhance competition, and ensure the sound development of the Fintech ecosystem.

## I. SCOPE AND OBJECTIVES

Resolution No. 268 of 2023 applies to startups operating in the Fintech sector, specifically those engaged in non-banking finance activities (**Mortgage Finance, Financing SMEs, Microfinance, Financial Leasing, Factoring, Consumer finance**). The resolution aims to achieve the following objectives:

1. Facilitate the incorporation and licensing process for Fintech startups.
2. Promote innovation and technological advancements in the non-banking finance sector.
3. Ensure the integrity and stability of the financial system.
4. Safeguard the interests of consumers and investors.

## II. LICENSING PROCEDURES

The resolution provides a clear and streamlined licensing process for Fintech startups, ensuring a balance between innovation and regulation. The key steps involved in the licensing process are as follows:

1. **Application Submission:** Startups seeking a license must submit a comprehensive application to the FRA, including details of their business model, technology infrastructure, risk management procedures, and financial projections. Applications must include data and documents from Article 2 of Board of Directors Resolution No. 58 of 2022. They must be documented in a register and have a special file for incorporation papers and procedures.

## II. LICENSING PROCEDURES (CONTD)

2. Evaluation and Due Diligence: The FRA conducts a thorough evaluation of each application, considering factors such as the startup's financial stability, compliance with regulations, and the competence of its management team. Additionally, the FRA carries out due diligence to assess the startup's technology infrastructure and cybersecurity measures.

3. Licensing Decision: Based on the evaluation and due diligence, the FRA makes a licensing decision within a specified timeframe. If approved, the startup is granted a license to operate in the non-banking finance sector. In case of rejection, the FRA provides reasons for the decision and allows the startup to rectify any deficiencies.

## III. REGULATORY REQUIREMENTS

The key regulatory requirements aim to ensure the stability of the financial system and protect the interests of consumers and investors. The requirements include:

1. Capital Adequacy: Fintech startups must maintain of at least **fifteen million Egyptian pounds** minimum capital requirement to ensure their financial stability and ability to absorb potential losses.

2. Risk Management: Startups are required to implement robust risk management frameworks, including measures to identify, assess, and mitigate risks associated with their activities.

3. Compliance and Reporting: Fintech startups must adhere to relevant laws, regulations, and guidelines issued by the FRA. They are also required to submit periodic reports to the FRA, providing updates on their financial position, risk exposure, and compliance status.

## IV. SUPERVISION AND MONITORING

The FRA maintains an ongoing supervisory role to monitor the activities of licensed Fintech startups. This includes conducting regular inspections, reviewing financial statements, and assessing compliance with regulatory requirements. The FRA may take appropriate enforcement actions in cases of non-compliance or misconduct, ensuring the integrity and stability of the financial system.

Resolution No. [268](#) of [2023](#) by the Financial Regulatory Authority establishes a comprehensive framework for incorporating and licensing startups in Fintech for non-banking finance activities. By promoting innovation while ensuring regulatory compliance, the resolution aims to foster the development of a vibrant and secure Fintech ecosystem. This initiative not only benefits startups by providing them with a clear roadmap for licensing, but also contributes to the overall growth and stability of the non-banking finance sector.

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