



Press Release

ON Wednesday, April 6, 2022, Egypt witnessed the signing ceremony of the Cooperation Protocol between the General Authority for Investment and Free Zones, the Financial Regulatory Authority and the Information Technology Industrial Development Agency (ITIDA) for supporting Egyptian startups. The protocol signing was attended by Egypt's Prime Minister and Minister of ICT. The Protocol is a result of the fruitful efforts of a team comprising of members from ITIDA, headed by Engineer Amr Mahfouz and *Venture by Shahid*, a department within Shahid Law Firm specialized in providing legal services for Startups and venture capitalists. The team prepared a legal memorandum that included the provisions and principles commonly used by Startups in their joint ventures and agreements with investors and their compliance with the Egyptian laws aiming for developing an encouraging ecosystem for entrepreneurs and Venture Capital firms to invest and fund Egyptian startups. The memo also included proposals that would facilitate investing in startups.

The legal memorandum comprised of 4 sections: (1) the significant commercial principles and clauses that are commonly included in an equity financing round and their compliance with the current Egyptian laws (i.e. without having to make any legislative amendments), (2) legal analysis of the main clauses in internationally recognized shareholders agreement in the startup ecosystem including analysis of provisions such as founder claw back clause, the rights of the holders of preferred shares, reserved matters, ESOP, Put and Call Options, etc. (3) identifying valuation methods and funding instruments that are used worldwide along with a comparison/compliance thereof with the Egyptian laws, and (4) setting out the funding phases of a startup during the first five years.

Partners Girgis Abd El-Shahid (Mr.) and Rehan El-Bashary (Ms.) who led this project within Shahid Law Firm commended this milestone and described the "*signing of the Cooperation Protocol between the biggest two authorities that support the startups as a positive and paramount step in the legislation regulating Egyptian startups which would indeed increase the investments and funding of startups*".