

BANQUE DU LIBAN

Basic Circular No 103

**Addressed to Banks, to Financial Institutions, and
to Specialized Lending Entities (Comptoirs) governed by Articles 183 and 184 of the Code
of Money and Credit ¹**

Attached is a copy of Basic Decision No 9286 of March 9, 2006 relating to academic, professional and ethical qualifications.²

Beirut, March 9, 2006

The Governor of Banque du Liban

Riad Toufic Salamé

¹- Addressed also to Specialized Lending Entities (Comptoirs) pursuant to Intermediate Decision No 12631 of August 10, 2017 (Intermediate Circular No 470).

²- This title was amended pursuant to Article 1 of Intermediate Decision No 12631 of August 10, 2017 (Intermediate Circular No 470).

BANQUE DU LIBAN

Basic Decision No 9286

Academic, Professional and Ethical Qualifications¹

The Governor of Banque du Liban,

Pursuant to the Code of Money and Credit, particularly Articles 70, 127, 174 and 179 thereof;

Pursuant to Law No 234 of June 10, 2000, on Regulating the Financial Intermediation Profession, particularly Article 10 thereof;

Pursuant to Law No 520 of June 6, 1996, relating to the Development of the Financial Market and Fiduciary Contracts, particularly Article 1 thereof; and

Pursuant to the Decision of the Central Council of Banque du Liban, taken in its meeting of March 8, 2006,

Decides the following:

Article 1: Definitions

The following expressions shall mean:

Institution²: Any bank or financial institution, or any specialized lending entity (comptoir) governed by the provisions of Articles 183 and 184 of the Code of Money and Credit.

Regulated Functions: Functions performed within the Institution by persons who, according to Banque du Liban, must have specific qualifications.

Influential Functions: Regulated Functions that confer to the person in charge thereof a significant influence in running the Institution's business.

¹- This title was amended pursuant to Article 1 of Intermediate Decision No 12631 of August 10, 2017 (Intermediate Circular No 470).

²- The definition of "Institution" was last amended pursuant to Article 2 of Intermediate Decision No 12631 of August 10, 2017 (Intermediate Circular No 470).

Designated Person: A person who performs a Regulated Function and has the required qualifications.

Supervised Person¹: A person who does not have the qualifications required for a Designated Person, and who performs a Regulated Function.

Article 2:

The purpose of this Decision is to define the framework and the academic, professional and ethical qualifications required for persons entrusted with certain functions in the banking and financial sectors in Lebanon, in order to preserve the stability of these sectors and protect their clients.

Article 3:

The Institution operating in Lebanon is prohibited from designating any person to perform a Regulated Function mentioned in the List of Regulated Functions attached to this Decision, regardless of that person's capacity or legal status (staff member, contract employee, etc.), unless the latter has the qualifications and fulfills the conditions stipulated in Articles 4, 5, 6 and 7 below.

Article 4²:

The Institution must keep a file for each Designated Person entrusted with a function mentioned in the List of Regulated Functions, in a way to enable the Banking Control Commission to access it at any time. This file should contain:

- 1- Personal information prepared in accordance with the "Regulated Functions Form" attached to this Decision, whenever the concerned person is designated to perform a Regulated Function, whenever a change occurs in the Regulated Functions performed by the Designated Person, and whenever this Person ceases to perform the said functions.
- 2- A certificate attesting his/her success in the examination that should be taken in accordance with the Examination Table by Category contained in the "List of Regulated Functions".

¹- This definition was amended pursuant to Article 3 of Intermediate Decision No 12631 of August 10, 2017 (Intermediate Circular No 470).

²- This Article was amended pursuant to Article 2 of Intermediate Decision No 12319 of August 16, 2016 (Intermediate Circular No 430).

Article 5¹:

I- The following persons are exempted from taking the above-mentioned examination in all its categories:

- 1- The duly appointed Board Chairman -General Manager.
- 2- ²Persons who have acquired, by August 16, 2016, at least twenty years of experience without interruption in the banking or financial sector, provided the Designated Person has occupied the same function during the last eight years.
- 3- Directors of branches appointed before September 18, 2009 and having at least seven years of experience in the banking and financial sectors, acquired during the nine years preceding September 18, 2009.
- 4- ³Persons having succeeded in the examinations and holding certificates accepted by Banque du Liban, as indicated in the notes pertaining to the attached List of Regulated Functions.

The case of holders of certificates other than those enumerated in the above-mentioned List may be considered upon the request of banks and financial institutions and the proposal of the Committee specifically appointed by Banque du Liban for that purpose.

II- In order to calculate the experience years specified in Subparagraphs 2 and 3 of Paragraph I of this Article, the effective work periods shall be computed, minus any period of interruption exceeding sixty consecutive days.

Article 6⁴:

The results of the above-mentioned examination shall not be taken into consideration in case the Designated Person has stopped working in the banking or financial sector for more than three years. In such case, his/her complete personal file must be reconstituted, in accordance with Article 4 of this Decision, along with the document proving that he/she passed again the required examination.

¹- This Article was amended pursuant to Article 1 of Intermediate Decision No 10657 of February 21, 2011 (Intermediate Circular No 245).

²- This Subparagraph was last amended pursuant to Article 4 of Intermediate Decision No 12631 of August 10, 2017 (Intermediate Circular No 470).

³- This Subparagraph was last amended pursuant to Article 4 of Intermediate Decision No 12319 of August 16, 2016 (Intermediate Circular No 430).

⁴- This Article was amended pursuant to Article 3 of Intermediate Decision No 10255 of September 18, 2009 (Intermediate Circular No 202).

Article 7¹:

Any Institution that finds it impossible, after September 15, 2009, to appoint directors or heads of branches having the qualifications and fulfilling the conditions required to perform an Influential Function, may exceptionally refer to BDL Governor in order to submit the case to the BDL Central Council.

Article 8²:

Article 9³:

Each Institution must act as necessary to enable any person governed by this Decision to acquire the qualifications and fulfill the conditions required for performing a Regulated Function, within the time limits set in the “Table of Time Limits” attached to this Decision, provided the Institution submits its employees to the required examinations, on an annual basis, in a proportion of no less than 20% for each certificate.

The person entrusted with a Regulated Function is granted a three-year time limit as of the date he/she started to perform that function, to obtain the required qualifications and fulfill the relevant conditions.

Article 10⁴:

Article 11⁵:

Whenever a Designated Person leaves an Institution, the latter must retain copies of all relevant documents and data for a minimum period of five years, starting from the work separation date.

Article 12⁶:

Article 13:

The Institution must contact the BDL Legal Department to obtain the necessary information and clarifications, as needed.

¹- This Article was amended pursuant to Article 4 of Intermediate Decision No 10255 of September 18, 2009 (Intermediate Circular No 202).

²- This Article was repealed pursuant to Article 6 of Intermediate Decision No 10255 of September 18, 2009 (Intermediate Circular No 202).

³- This Article was last amended pursuant to Article 5 of Intermediate Decision No 12631 of August 10, 2017 (Intermediate Circular No 470).

⁴- This Article was repealed pursuant to Article 6 of Intermediate Decision No 10255 of September 18, 2009 (Intermediate Circular No 202).

⁵- This Article was last amended pursuant to Article 2 of Intermediate Decision No 11548 of September 23, 2013 (Intermediate Circular No 339).

⁶- This Article was repealed pursuant to Article 3 of Intermediate Decision No 11548 of September 23, 2013 (Intermediate Circular No 339).

Article 14:

Any person violating the provisions of this Decision shall incur the administrative sanctions stipulated in applicable laws and regulations.

Article 15:

The Banking Control Commission shall ascertain that the Institution complies with the provisions of this Decision.

Article 16:

This Decision shall come into force upon its issuance.

Article 17:

This Decision shall be published in the Official Gazette.

Beirut, March 9, 2006

The Governor of Banque du Liban

Riad Toufic Salamé

Time Limits for Required Certificates¹

I- Time limit to obtain any of the certificates required for the employees covered by this Circular before the amendment of September 23, 2013.

Time limit	Certificates
December 31, 2018	Risk in Financial Services
	CAMS
	Lebanese Financial Regulations

II- Time limit to obtain any of the certificates required for the Regulated Functions that have been added to the “Table of Regulated Functions” on August 16, 2016 and August 10, 2017.

Time limit	Certificates
Till June 2022	Banking Ethics
	Bank Credit
	Combating Financial Crime
	Professional Banker
	Lebanese Financial Regulations
	Certified Internal Auditor (CIA)

¹- This Table was added by Intermediate Decision No 11548 of September 23, 2013 (Intermediate Circular No 339), then last amended pursuant to Article 6 of Intermediate Decision No 12631 of August 10, 2017 (Intermediate Circular No 470).

LIST OF REGULATED FUNCTIONS ¹

Category	Functions	Lebanese Financial Regulations ^{5&8}	Risk in Financial Services ⁷	CAMS ^{3&11}	Bank Credit ¹²	Combating Financial Crime ^{3&11}	Professional Banker Certificate (PBC) ^{4&5}	Banking Ethics ⁶	Certified Internal Auditor (CIA)
	Any managerial officer or Head of Division or any person to whom the following functions are linked:								
1	The Director or Head of branch and his/her deputy, the Director of Branches, and the Regional Director	X				X		X	
2	Treasury¹	X				X		X	
3	Risk Management²	X	X		X			X	
4	Accounting	X						X	
5	Financial Management and Financial Control	X	X					X	
6	Back Office for all banking transactions: asset management and private banking such as settlement and reconciliation; trading support, management and processing; custody and accounting.	X	X					X	
7	Credit (analysis, study and marketing) and credit review (Corporate & SMEs, Retail)²	X			X			X	
8	Development, marketing, analysis, study, and follow up of retail services⁴	X			X		X	X	
9	Internal audit and internal control⁹	X						X	X
10	Compliance (Legal compliance and AML compliance)³	X		X				X	
11	Human Resources: training, development & recruitment	X						X	
12	Tellers/ Head Tellers⁴	X					X	X	

Notes:

- 1- Treasury refers to employees working in the back and middle offices and in Correspondent Banking. Traders are governed by the provisions of Basic Decision No 9286 of March 9, 2006 with respect to the Lebanese Financial Regulations examination.
- 2- The Bank Credit examination shall be taken only by employees working in Credit Risk Management and Credit Review (and not by employees working in Market Risk Management and Operational Risk Management).
Employees working in the division of Collection and Credit Information are exempted from the Bank Credit examination.
- 3- Employees holding the ICA Certificate are exempted from holding the "CAMS" and "Combating Financial Crime" Certificates.
The CAMS examination shall be taken only by the employees of the AML/CFT Compliance Unit, while those of the Legal Compliance are exempted from that examination.
- 4- This category comprises any employee working in the Management and in Branches, including the Customer Services Officer and Representative.
- 5- No equivalent to the following Certificates is accepted: the Lebanese Financial Regulations Certificate and the Professional Banking Certificate (PBC).
- 6- Only employees holding the Business Conduct Certificate, covered by the Circular relating to Capital Markets Authority, are exempted from holding the Banking Ethics Certificate.
- 7- Employees holding the FRM Level 1 Certificate or the CFA Level 1 Certificate are exempted from the Risk in Financial Services Examination.
- 8- The ESA (École Supérieure des Affaires), as well as the Higher Institute for Banking Studies affiliated to the Association of Banks in Lebanon, shall be in charge of the teaching courses related to the Lebanese Financial Regulations, provided examinations are taken at ESA premises.
- 9- The Internal Audit and Internal Control category shall not include any employee who performs only IT audit.
- 10- Employees who have acquired, by August 16, 2016, twenty years of experience without interruption in the banking or financial sector, and who have occupied the same position during the last eight years, are exempted from all the examinations.
- 11- The holder of a CAMS certificate shall be exempted from the Combating Financial Crime certificate, and vice versa.
- 12- The Higher Institute for Banking Studies affiliated to the Association of Banks in Lebanon shall be in charge of the teaching courses related to Bank Credit, provided examinations are taken at ESA premises.

¹- This Table was last amended pursuant to Intermediate Decision No 12866 of September 4, 2018 (Intermediate Circular No 507).

REGULATED FUNCTIONS FORM ¹

I- Personal Information

Candidate's Full Name			Institution's Name	
Form No (Employment No)			Parent Institution	
Mother's Name & Surname			Work Starting Date at the Institution	
Spouse's Name & Surname			Type of work	Contractual <input type="checkbox"/> Staff Member <input type="checkbox"/> Other <input type="checkbox"/>
Nationality			Position held at the Present Institution	
Place & Date of Birth			Category of Regulated Functions	
Register No & Place - Caza			Terms of Reference	
Candidate's Residential Address	Mouhafazat:	Street:	Date of nomination as a Supervised Person	
	Caza:	Building:	Date of nomination as a Designated Person	
	Town:	Telephone:		
Duration of Residence at this Address	From...../...../.....	To/...../.....		

II- Employment History before Working at the Present Institution

Type of Work

Institution's Name	Type of Work	Address (Country/Town/Str.)	Position Held	Terms of Reference	Type of Work			Work Starting Date	Work Cessation Date	Reasons for Leaving the Institution
					Employee	Self-employment	Other			
										Resignation <input type="checkbox"/> Retirement <input type="checkbox"/> End of contract <input type="checkbox"/> Overstaffing <input type="checkbox"/> Termination of employment or dismissal <input type="checkbox"/> Other
										Resignation <input type="checkbox"/> Retirement <input type="checkbox"/> End of contract <input type="checkbox"/> Overstaffing <input type="checkbox"/> Termination of employment or dismissal <input type="checkbox"/> Other
										Resignation <input type="checkbox"/> Retirement <input type="checkbox"/> End of contract <input type="checkbox"/> Overstaffing <input type="checkbox"/> Termination of employment or dismissal <input type="checkbox"/> Other
										Resignation <input type="checkbox"/> Retirement <input type="checkbox"/> End of contract <input type="checkbox"/> Overstaffing <input type="checkbox"/> Termination of employment or dismissal <input type="checkbox"/> Other
										Resignation <input type="checkbox"/> Retirement <input type="checkbox"/> End of contract <input type="checkbox"/> Overstaffing <input type="checkbox"/> Termination of employment or dismissal <input type="checkbox"/> Other

Candidate's Signature

Officer's Signature

Date

Institution's Seal

¹- This Form was added pursuant to Intermediate Decision No 12319 of August 16, 2016 (Intermediate Circular No 430).

III- Internal Transfer of a Designated Person

Section to be filled in case of transfer from one position to another	The Category of Regulated Functions that the Designated Person has ceased to perform	Date of ceasing to perform Regulated Functions	The Category of Regulated Functions that the Candidate will perform	Date of Nomination as a Supervised Person	Date of Nomination as a Designated Person

IV- Ceasing to Perform Regulated Functions

Section to be filled in case of ceasing to perform Regulated Functions	The Category of Regulated Functions that the Designated Person has ceased to perform	Date of ceasing to perform Regulated Functions	Reasons for Ceasing to Perform Regulated Functions
			Internal staff transfer <input type="checkbox"/> Resignation <input type="checkbox"/> Retirement <input type="checkbox"/> End of Contract <input type="checkbox"/> Overstaffing <input type="checkbox"/>

Candidate's Statement:

I, the undersigned, declare that:

- 1- Providing false or misleading information, whether knowingly or unintentionally, may entail legal responsibilities.**
- 2- It cannot be assumed that information is known to Banque du Liban merely because it is in the public domain, or has been previously disclosed to it or to any other regulatory body.**
- 3- Banque du Liban may, as deemed appropriate, make investigations and seek further information, when verifying the information included in this Form. Banque du Liban may also disclose the results of such verification to the Institution that fills the Form. I confirm that, to the best of my knowledge, the information included in this Form is accurate and complete, and that I have read the notes about filling this Form.**
- 4- In case of several Institutions belonging to a single group, the parent Institution shall fill this Form on their behalf.**

Candidate's Signature

Officer's Signature

Date

Institution's Seal