

BANQUE DU LIBAN

Basic Circular No 67 to Banks

Addressed also to Financial Institutions

Attached is a copy of Basic Decision No 7534 of 2 March 2000, on the issuing by Banque du Liban of bank certificates of deposit.

Beirut, 2 March 2000

The Governor of Banque du Liban

Riad Toufic Salamé

BANQUE DU LIBAN

Basic Decision No 7534

The Governor of Banque du Liban (BDL),

Pursuant to the Code of Money and Credit, particularly Articles 70, 76 (Paragraph f) and 81 (Paragraph 6) thereof, and

Pursuant to the approval of BDL Central Council in its meeting of 1 March 2000,

Decides the following:

Article 1¹:

Resident and non-resident banks and financial institutions may request from BDL head office bank certificates of deposit, in exchange for their free deposits denominated in Lebanese pound, US dollar, or Euro at the Central Bank. The nominal value of each certificate of deposit must be no less than one billion Lebanese pounds for the Lebanese currency, one hundred thousand US dollar for the US currency, and one hundred thousand Euro for the single European currency.

Article 2:

Bank certificates of deposit may be issued in a registered form, to order or to bearer.

Article 3:

The bank certificate of deposit must expressly and clearly indicate that it can be traded solely by resident and non-resident banks and financial institutions.

Article 4:

Resident banks may request from Banque du Liban, on behalf of non-resident banks and financial institutions, bank certificates of deposit issued in accordance with the provisions of this Decision. For this purpose, the following conditions must be met:

- 1- The source of funds must be foreign-currency deposits, converted into Lebanese pounds specifically for this purpose.
- 2- Communicate to the BDL Department of Financial Operations the names of non-resident banks and financial institutions intending to obtain bank certificates of

¹ - This Article was amended by Article 1 of Intermediate Decision 8947 of January 11, 2005 (Intermediate Circular No 79).

deposits in exchange for their LBP deposits at Banque du Liban, and obtain BDL prior approval regarding any such deposit and its volume.

Article 4 bis¹:

Within the context of their fiduciary operations, resident banks and financial institutions may obtain on behalf of their clients, with a prior approval from BDL Central Council, bank certificates of deposits issued in accordance with this Decision, provided these certificates:

- 1- Are registered certificates or to the order of the concerned bank or financial institution in a trustee capacity, in accordance with the provisions of Law 520 of 6 June 1996 relating to the Development of the Financial Market and Fiduciary Contracts.
- 2- Are not transferable or endorsable, except to resident and non-resident banks and financial institutions.

Article 5²:

Non-resident banks and financial institutions may directly request from Banque du Liban bank certificates of deposit in exchange for their free deposits at BDL in US dollar, Euro or Lebanese pound. Concerning LBP deposits, the condition stipulated by Article 4 (1) of this Decision must be met.

Article 6:

Banque du Liban shall determine the total volume, the maturities and the interest rate of the certificates of deposit it issues.

Article 6 bis³:

Banque du Liban shall exceptionally pay the interests on the bank certificates of deposit it has issued in US Dollar and are held by banks operating in Lebanon, in the following manner: 50% in US Dollar and 50% in Lebanese pound.

Article 7⁴:

Resident and non-resident banks and financial institutions may not rediscount at Banque du Liban the certificates of deposit issued in accordance with this Decision.

¹- This Article was added by Intermediate Decision No 8372 of 14 April 2003 (Intermediate Circular No 31), then amended by Article 1 of Intermediate Decision No 8834 of 6 September 2004 (Intermediate Circular No 66).

²- This Article was amended by Article 2 of Intermediate Decision No 8947 of 11 January 2005 (Intermediate Circular No 79).

³- This Article was added by Article 2 of Intermediate Decision No 13157 of 4 December 2019 (Intermediate Circular No 536), and shall remain in force for 6 months.

⁴- This Article was amended by Article 1 of Intermediate Decision No 9028 of 18 May 2005 (Intermediate Circular No 83).

Article 8:

The provisions of Articles 8, 10 and 12 of Basic Decision No 7224 of 11 February 1999, attached to Basic Circular No 61 of 11 February 1999, addressed to banks, financial institutions and external auditors, shall apply to bank certificates of deposit issued in accordance with this Decision.

The concerned banks and financial institutions may ask Banque du Liban to implement rules other than those stipulated by Articles 8, 10 and 12 of the above-mentioned Basic Decision No 7224, regarding certificates of deposit they want to obtain for the purpose of foreign marketing.

Article 9:

Decision No 5726 of 8 November 1994, attached to Circular No 1297 ¹ of 8 November 1994, addressed to banks and financial institutions, is repealed.

Article 10:

This Decision shall come into force upon its issuance.

Article 11:

This Decision shall be published in the Official Gazette.

Beirut, 2 March 2000

The Governor of Banque du Liban

Riad Toufic Salamé

¹ - This number is according to the old numbering system.