

BANQUE DU LIBAN

Basic Circular to Banks No 60

Attached is a copy of Basic Decision No 7218 of February 4, 1999 on establishing representative offices of Lebanese banks abroad.

Beirut, February 4, 1999

The Governor of the Banque du Liban

Riad Toufic Salamé

Basic Decision No 7218

Establishing Representative Offices of Lebanese Banks Abroad

The Governor of the Banque du Liban,

Pursuant to the Code of Money and Credit, notably Article 174 thereof, and Pursuant to the Decision of the Central Council of the Banque du Liban, taken in its meeting of February 3, 1999,

Decides the following:

Article 1:

The establishment abroad of representative offices of Lebanese banks is subject to a prior authorization from the Banque du Liban.

Article 2:

The authorization request must include the following:

- 1- The global cost for establishing and operating the representative office.
- 2- The prospective representative's name and curriculum vitae.
- 3- The action plan to be adopted by the bank's management in Lebanon for supervising and monitoring the operations of the office and the representative's activities.
- 4- As needed, a translated and duly certified copy of all legal and regulatory texts concerning the establishment of representative offices in the foreign country in which the Lebanese bank intends to open a representative office.

Article 3:

The activities of the representative office consist of establishing contacts with other parties, notably banks, financial institutions, companies, organizations, and public and private institutions abroad, with a view to collect all kinds of information that may be useful to the bank, and also of undertaking, on behalf of the bank's head office, general studies on the concerned country and investors, with no right to bind the bank in Lebanon by any kind of obligation.

Article 4:

The representative office is strictly prohibited from carrying out any banking or commercial operations, particularly: opening credit lines, granting credits, extending debt maturities, receiving deposits in the name or on behalf of the bank or a bank's subsidiary company,

discounting bills of exchange, drafts, withdrawals, or any other debt instrument; and accepting and signing agreements and commitments on behalf of the bank and its subsidiary corporations.

Article 5:

The concerned Lebanese banks must:

- 1- Notify the Banque du Liban of any change regarding the head of its representative office abroad.
- 2- Provide the Banque du Liban and the Banking Control Commission, by the end of February of each year, with annual reports on the activities of their representative offices.

Article 6:

Banks that have previously established representative offices abroad must comply with the stipulations of this Decision, except for Article 1. They must provide the Banque du Liban, within three months from the publication date of this Decision, with all documents listed in Article 2 above.

Article 7:

Proper administrative penalties shall be applied to the bank that violates the provisions of this Decision.

Article 8:

This Decision shall enter into force upon its issuance.

Article 9:

This Decision shall be published in the Official Gazette.

Beirut, February 4, 1999

The Governor of the Banque du Liban

Riad Toufic Salamé