

**BANQUE DU LIBAN**

**Intermediate Circular No 255**

**Addressed to Banks**

Attached is a copy of Intermediate Decision No 10708 of April 21, 2011, amending Basic Decision No 9382 of July 26, 2006 on Corporate Governance, attached to Basic Circular No 106.

Beirut, April 21, 2011

The Governor of Banque du Liban

Riad Toufic Salamé

**Intermediate Decision No 10708**  
**Amending Basic Decision No 9382 of July 26, 2006**  
**Relating to Corporate Governance**

**The Governor of Banque du Liban,**

**Pursuant to the Code of Money and Credit, particularly Articles 70 and 174 thereof,**

**Pursuant to Basic Decision No 9382 of July 26, 2006 relating to Corporate Governance, and**

**Pursuant to the Decision of the Central Council of Banque du Liban (BDL), taken in its meeting of April 13, 2011,**

**Decides the following:**

**Article 1:**

The text of Article 1 of Basic Decision No 9382 of July 26, 2006 is repealed and replaced with the following text:

“The expression “Senior Management” shall mean the persons responsible for supervising the daily business management, such as the Chairman of the Board/General Manager, the assistant general managers, the heads of the main divisions, and the officers in charge of the specialized committees.”

**Article 2:**

The text of Article 2 of Basic Decision No 9382 of July 26, 2006 is repealed and replaced with the following text:

“All banks operating in Lebanon must:

- 1- Spare no effort to comply with the principles issued and to be issued by the International Basel Committee for Enhancing Corporate Governance in Banking Institutions.
- 2- Prepare their own “Corporate Governance Guide” that includes the following information at least:
  - an administrative organizational chart
  - an organizational chart showing the relation between the parent bank and its subsidiaries or sister companies
  - the approach adopted by the bank to implement Corporate Governance principles
  - the Board of Directors’ size, role, responsibility and composition (number of independent, executive and non-executive members)
  - the criteria adopted to compute the compensation of the Board of Directors and Senior Management’s members
  - the nature and work charter of each of the Board committees
  - the communication mechanism between the Board of Directors and the Senior Management
  - the rules adopted to assess the performance of the Senior Management and the Board of Directors regarding their compliance with Good Governance procedures

- the Succession Plan to be adopted for selecting the Board of Directors and Senior Management's members
- a summary of the Code of Conduct
- the disclosure policy adopted, notably for preparing financial statements and addressing any conflict of interest
- the possibility of granting the employee stock options for free, to enable him/her to buy stocks in the bank, if any
- the method followed by the parent bank when dealing with affiliated banks and institutions.

Foreign banks' branches operating in Lebanon and Lebanese banks affiliated to other Lebanese banks may be exempted from the obligation to prepare their own "Corporate Governance Guide". This exemption is granted at BDL Central Council's discretion and based on the opinion of the Banking Control Commission, in case the parent bank has already prepared a specific guide for the branch or the affiliated bank or if the foreign bank has included in its guide the above-mentioned information.

- 3- Publish through their website and in their annual report a summary of the "Corporate Governance Guide".
- 4- Provide the Banking Control Commission with a hard copy and a CD copy of the "Corporate Governance Guide" and of any modification therein.

**Article 3:**

Banks are granted a time limit ending on December 31, 2011 to comply with the provisions of paragraphs 2, 3, and 4 of Article 2 of Basic Decision No 9382 of July 26, 2006 amended pursuant to this Intermediate Decision.

**Article 4:**

This Decision shall enter into force upon its issuance.

**Article 5:**

This Decision shall be published in the Official Gazette

Beirut, April 21, 2011

The Governor of Banque du Liban

Riad Toufic Salamé