

BANQUE DU LIBAN

Intermediate Circular No 262

Addressed to Banks and Financial Institutions

Attached is a copy of Intermediate Decision No 10725 of May 21, 2011 amending “the Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering and Terrorist Financing”, attached to Basic Decision No 7818 of May 18, 2001, notified by Basic Circular No 83 to banks and financial institutions.

Beirut, May 21, 2011

The Governor of Banque du Liban

Riad Toufic Salamé

Intermediate Decision No 10725

Amending the Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering and Terrorist Financing Attached to Basic Decision No 7818 of May 18, 2001

The Governor of Banque du Liban,

Pursuant to Law No 318 of April 20, 2001 on Fighting Money Laundering, particularly Article 5 thereof,

Pursuant to Basic Decision No 7818 of May 18, 2001 and its amendments relating to the Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering and Terrorist Financing, and

Pursuant to the Decision of the Central Council of Banque du Liban, taken in its meeting of May 18, 2011,

Decides the following:

Article 1:

Paragraphs 4 and 5 shall be added to Article 7 of the Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering and Terrorist Financing, attached to Basic Decision No 7818 of May 18, 2001, and shall read as follows:

“4- The bank is prohibited from:

- Opening any account for any exchange institution, before obtaining the approval of the Compliance Unit stipulated in Article 10 below.
- Opening accounts for exchange institutions or executing transfers upon the latter’s request for purposes other than those specified in the Implementation Rules of the Law Regulating the Money Exchange Profession issued by Banque du Liban.
- Accepting or performing an exchange operation in favour of any exchange institution, unless the latter is one the concerned bank’s customers.

5- Upon issuing a checkbook in favour of an exchange institution, the bank must insert in all the checks the expression “payable to the first beneficiary only”.”

Article 2:

Paragraph 16 shall be added to Article 8 of the Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering and Terrorist Financing, attached to Basic Decision No 7818 of May 18, 2001, and shall read as follows:

“16- Transfers between the accounts of an exchange institution and other accounts, particularly those held by any of the institution’s owners, partners, shareholders, directors or authorized signatories or any of the family members of these persons (spouse, ascendants, descendants), especially if these transfers are followed by withdrawals.”

Article 3:

The text of Article 10 of the Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering and Terrorist Financing, attached to Basic Decision No 7818 of May 18, 2001, is repealed and replaced with the following one:

Article 10:

Each bank operating in Lebanon must:

- 1- Establish a specialized committee (hereafter the Special Committee for Fighting Money Laundering and Terrorist Financing or AML/CFT Special Committee), formed of: the Director General or any of his/her assistants, the Head of the Risk Committee, the Director of Operations, the Head of the Internal Audit Unit, the Director of Branches, and the Head of the Unit stipulated in paragraph 2 below.
- 2- Establish the AML/CFT Compliance Unit (hereafter the Compliance Unit). This Unit’s Head must have sufficient experience in fighting money laundering and hold specialized certificates such as the CAMS-Certified Anti-Money Laundering Specialist- and its staff must have the required skills. The Unit must have the necessary resources to fulfil its duties.
- 3- Appoint, in each of the bank’s branches, an AML/CFT Branch Officer in charge of controlling the operations.

Article 4:

The expression “Special Committee” shall be replaced, wherever it appears in the Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering and Terrorist Financing attached to Basic Decision No 7818 of May 18, 2001, with the expression “AML/CFT Special Committee”.

Article 5:

The following sub-paragraphs shall be added to paragraph 2 of Article 11 of the Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering and Terrorist Financing attached to Basic Decision No 7818 of May 18, 2001, and shall read as follows:

- “f) To approve the opening of accounts for exchange institutions.

- g) To control the accounts of the exchange institution on a consolidated basis.
- h) To prepare the agenda of the AML/CFT Special Committee.
- i) To notify directly the Chairman of the Board/ Director General if the Compliance Unit is in possession of evidence or doubts that the banking operation involves money laundering or terrorist financing.”

Article 6:

The text of paragraph 1, Section “First” Article 12 of the Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering and Terrorist Financing attached to Basic Decision No 7818 of May 18, 2001 is repealed and replaced with the following one:

“1- Establish a computerized archive for information collected about money laundering and terrorist financing operations that includes, at least, the names communicated by the Special Investigation Commission (SIC), and those of holders of doubtful accounts reported by the bank itself. The latter must also notify the SIC of any account opened subsequently by any of these persons, whether directly, indirectly, or by proxy, as long as the SIC has not taken a decision stating that there were no reasonable grounds, at the present time, to justify the doubts that have arisen in relation to any of these persons.”.

Article 7:

This Decision shall come into force upon its issuance.

Article 8:

This Decision shall be published in the Official Gazette

Beirut, May, 21, 2011

The Governor of Banque du Liban

Riad Toufic Salamé