

**BANQUE DU LIBAN**

**Intermediate Circular No 264**

**Addressed to Exchange Institutions**

Attached is a copy of Intermediate Decision No 10727 of May 21, 2011, amending the Implementation Rules of the Law regulating the Money Exchange Profession, attached to Basic Decision No 7933 of September 27, 2001, notified by Basic Circular No 3 to exchange institutions.

Beirut, May 21, 2011

The Governor of Banque du Liban

Riad Toufic Salamé

**Intermediate Decision No 10727**

**Amending the Implementation Rules of the Law regulating the Money Exchange Profession, attached to Basic Decision No 7933 of September 27, 2001.**

**The Governor of Banque du Liban,**

**Pursuant to Law No 347 of August 6, 2001 regulating the Money Exchange Profession in Lebanon, particularly Article 13 thereof,**

**Pursuant to Basic Decision No 7933 of September 27, 2001 and its amendments, relating to the Implementation Rules of the Law regulating the Money Exchange Profession, 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:**

Sub-paragraph 8 shall be added to paragraph (a) of Article 2 of the Implementation Rules of the Law regulating the Money Exchange Profession, attached to Basic Decision No 7933 of September 27, 2001, and shall read as follows:

“8- Concerning exchange institutions established after May 18, 2011, a document proving that the partners in a general partnership, the active partners in a limited partnership, the Chairman and members of the Board of Directors and the Directors General in a joint-stock company, or the directors in a limited liability company, and any person who manages effectively, whether directly or indirectly, the concerned exchange institutions, have successfully completed the training sessions organized or prepared or approved by Banque du Liban, particularly in the AML/CFT field. Any change relating to these persons shall subject them to the afore-mentioned obligation.”

**Article 2:**

Sub-paragraph 6 shall be added to paragraph (b) of Article 2 of the Implementation Rules of the Law regulating the Money Exchange Profession, attached to Basic Decision No 7933 of September 27, 2001, and shall read as follows:

“6- Concerning exchange institutions established after May 18, 2011, a document proving that the institution’s owner and any person who manages it effectively, whether directly or indirectly, have successfully completed the training sessions organized or prepared or approved by Banque du Liban, particularly in the AML/CFT field. Any change relating to these persons shall subject them to the afore-mentioned obligation.”

**Article 3:**

The following Articles shall be added to the Implementation Rules of the Law regulating the Money Exchange Profession, attached to Basic Decision No 7933 of September 27, 2001, and shall read as follows:

**Article 10:**

The exchange institution is prohibited from opening bank accounts at a bank where any of the institution's owners, partners, shareholders, directors or authorized signatories holds an account. The spouse and the dependent ascendants and descendants of these persons shall be considered as a single person.

Accounts held by exchange institutions at banks shall be used solely to perform exchange operations.

**Article 11:**

All exchange institutions must:

- Communicate to the Banking Control Commission the name of the banks where they hold accounts and notify it of any subsequent change therein.
- Take the required measures to communicate to the Banking Control Commission the names of the banks where any of the persons mentioned in Article 10 above holds an account, and notify it of any subsequent change therein.

**Article 12:**

All exchange institutions are required, when receiving from a customer cash amounts and/or metal coins and bullion (hereafter "precious metals") to be converted into other currencies and/or precious metals, or when undertaking cross-border transportation of cash and/or precious metals, to carry out these operations solely in one of the following manners:

- by delivering cash amounts and/or precious metals to the customer, according to the case
- by issuing a check in the customer's name payable to the first beneficiary only
- by a transfer order to the concerned customer's account in a bank operating in Lebanon, with no request to make a transfer to any third person in Lebanon or abroad

**Article 13:**

1- All exchange institutions are prohibited from:

- Making direct cash deposits in their customers' bank accounts
- Accepting any proxy on behalf of their customers.

2- Exchange institutions classified as Category A are prohibited from making any transfer in excess of 1,500 US dollars that does not result from an exchange operation or a cross-border transport operation, when the transfer consists of receiving cash amounts from customers then transferring them to third persons whether in Lebanon or abroad through the institution's bank accounts.

**Article 14:**

In the course of their activities, all exchange institutions must comply with the following:

- Not open any kind of deposit accounts for customers, whether temporary or transitional, against the cash amounts it receives from the latter.

- Perform the operations that fall within their legally authorized duties, solely through their bank accounts and without using the personal accounts held by any of the persons mentioned in Article 10 above.

**Article 15:**

Exchange institutions classified as Category A must comply with the following conditions:

- 1- Set sufficient and efficient procedures to combat money laundering and terrorism financing
- 2- Appoint a Compliance Officer in order to control the institution's compliance with the laws in force and the regulations and recommendations issued by Banque du Liban, the Banking Control Commission and the Special Investigation Commission (SIC), particularly the Regulations on the Control of Financial and Banking Operations for Combating Money Laundering and Terrorist Financing (AML/CFT), where applicable.
- 3- The Compliance Officer must attend, on a continuous basis, AML/CFT training sessions or obtain specialized certificates in this field such as the CAMS-Certified Anti-Money Laundering Specialist- specified in Basic Decision No 9286 of March 3, 2006 attached to Basic Circular No 103.
- 4- Establish a computerized archive for information collected about money laundering and terrorist financing operations that include, at least, the names communicated by the Special Investigation Commission.
- 5- Verify periodically the skills and ethical qualifications of its employees.

Exchange institutions whose status is inconsistent with the provisions of paragraphs 2 and 4 of this Article are granted a time limit ending on January 2, 2012 to adjust their situation accordingly.

**Article 4:**

This Decision shall come into force upon its issuance.

**Article 5:**

This Decision shall be published in the Official Gazette

Beirut, May 21, 2011

The Governor of Banque du Liban

Riad Toufic Salamé