

BANQUE DU LIBAN

Intermediate Circular No 266

Addressed to Financial Institutions

Attached is a copy of Intermediate Decision No 10729 of May 21, 2011, amending Basic Decision No 7136 of October 22, 1998 (Conditions for Establishing and Operating Financial Institutions) attached to Basic Circular No 2 addressed to financial institutions.

Beirut, May 21, 2011

The Governor of Banque du Liban

Riad Toufic Salamé

Intermediate Decision No 10729

Amending Basic Decision No 7136 of October 22, 1998

On the Conditions for Establishing and Operating Financial Institutions

The Governor of Banque du Liban,

Pursuant to the Code of Money and Credit, particularly Article 70 thereof,

Pursuant to Basic Decision No 7136 of October 22, 1998 and its amendments on the Conditions for Establishing and Operating Financial Institutions, 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:

Article 7 bis shall be added to Basic Decision No 7136 of October 22, 1998 and shall read as follows:

«All financial institutions are prohibited from:

- 1- Making exchange operations and cross-border transportation of cash and metal coins and bullion.
- 2- Receiving funds from their customers, except through checks or transfers, including those received for the purpose of creating or covering all margins.
- 3- Executing, upon their customers' request, foreign or domestic incoming transfers, in favour of third parties in Lebanon or abroad.

Article 2:

The text of Article 12 of Basic Decision No 7136 of October 22, 1998 is repealed and replaced with the following one:

“Financial institutions must:

- Comply with the regulatory texts issued by Banque du Liban, when undertaking operations that fall within their competence, notably financial intermediation operations or fiduciary operations, or when establishing or managing or marketing any collective investment scheme.
- When undertaking financial intermediation operations, insert in the contracts and documents concerning the operations performed with their customers a warning

statement expressing that financial investments, notably those with a speculative nature, expose them to high risks.”

Article 3:

This Decision shall come into force upon its issuance.

Article 4:

This Decision shall be published in the Official Gazette

Beirut, May 21, 2011

The Governor of Banque du Liban

Riad Toufic Salamé