



**Basic Circular No 131**

**Addressed to Banks, Financial Institutions,**

**Financial Intermediation Institutions, and Leasing Companies**

Attached is a copy of Basic Decision No 11618 of November 29, 2013 relating to the Information on Foreign Direct Investment (FDI) between non-residents and the resident banking and financial sector.

Beirut, November 29, 2013

The Governor of Banque du Liban

Riad Toufic Salamé

**Basic Decision No 11618**

Information on Foreign Direct Investment (FDI)  
between non-residents and the resident banking and financial sector

**The Governor of Banque du Liban,**

**Pursuant to the Code of Money and Credit, particularly Articles 70, 146 and 179 thereof;**

**Pursuant to the provisions of Article 10 of Law No 234 of June 10, 2000 on Regulating the Financial Intermediation Profession,**

**Pursuant to the provisions of Article 25 of Law No 160 of December 27, 1999 on Regulating Leasing Operations, and**

**Pursuant to the Decision of the Central Council of Banque du Liban, taken in its meeting of November 27, 2013,**

**Decides the following:**

Article 1: Banks, financial institutions, financial intermediation institutions, and leasing companies domiciliated in Lebanon, must disclose annually, either in Arabic or English, the Foreign Direct Investment's items pertaining to the previous year, as specified in the "Coordinated Direct Investment Survey-CDIS" attached to this Decision. The CDIS shall include an In-Form (for investments made within Lebanon) and an Out-Form (for investments made abroad), along with their respective explanatory notes.

Article 2: Institutions mentioned in Article 1 above must provide the External Sector and Balance of Payments Section in the BDL Statistics and Economic Research Department, by July 31<sup>st</sup> of each year, with a paper copy of the survey mentioned in Article 1 above and with an e-copy to be sent by e-mail to: [bop@bdl.gov.lb](mailto:bop@bdl.gov.lb)

The above-mentioned investments shall be disclosed for the first time in relation to fiscal years 2010, 2011 and 2012, and within one month from the issuance date of this Decision.

Article 3: This Decision shall enter into force upon its issuance.

Article 4: This Decision shall be published in the Official Gazette.

Beirut, November 29, 2013

The Governor of Banque du Liban

Riad Toufic Salamé

Section I: Identification of the Resident Enterprise

Reporting Year:

Institution No:

Sector:

Institution name:

Address:

City:

**Contact Person:**

Name:

E-mail:

Tel:

Fax:

**Section II: Identification of the Non-Resident Direct Investor(s)**

<b>Non-Resident Direct Investor</b>	
<b>Country of Residence [CODE]</b>	
Country of Residence [NAME]	
<b>Principal Activity [NAME]</b>	
<b>Share in % at End of 2010</b>	
<b>Share in % at End of 2011</b>	

**Section III: Statistical Information [End 2011 - in USD]**

**1. Equity**

<b>Equity claims of your enterprise on your direct investor(s)</b>	
Opening Balance (end 2010)	
Financial transactions:	
Share capital	
Reserves	
Reinvested earnings	
Other changes	
Closing Balance (end 2011)	
<b>Equity liabilities by your enterprise to your direct investor(s)</b>	
Opening Balance (end 2010)	
Financial transactions:	
Share capital	
Reserves	
Reinvested earnings	
Other changes	
Closing Balance (end 2011)	

**2. Debt**

<b>Short and long-term debt claims of your enterprise on your direct investor(s)</b>	
Opening Balance (end 2010)	
Financial transactions (net)	
Other changes	
Closing Balance (end 2011)	
<b>Short and long-term debt liabilities by your enterprise to your direct investor(s)</b>	
Opening Balance (end 2010)	
Financial transactions (net)	
Other changes	
Closing Balance (end 2011)	

**3. Income payable & receivable between your enterprise and your direct investor(s) & withholding taxes payable**

Interest receipts (IR)	
Withholding taxes on (IR), if any	
Interest payments (IP)	
Withholding taxes on (IP), if any	
Gross dividends received & receivable (DR)	
Withholding taxes on (DR), if any	
Gross dividends paid & payable (DP)	
Withholding taxes on (DP), if any	

**Section II: Identification of the Non-Resident Direct Investment Enterprise(s)**

<b>Non-Resident Direct Investment Enterprise</b>	
<b>Country of Residence [CODE]</b>	
Country of Residence [NAME]	
<b>Principal Activity [NAME]</b>	
<b>Share in % at End of 2010</b>	
<b>Share in % at End of 2011</b>	

**Section III: Statistical Information [End 2011 - in USD]**

**1. Equity**

<b>Equity claims of your enterprise on your direct investment enterprise(s)</b>	
Opening Balance (end 2010)	
Financial transactions:	
Share capital	
Reserves	
Reinvested earnings	
Other changes	
Closing Balance (end 2011)	
<b>Equity liabilities by your enterprise to your direct investment enterprise(s)</b>	
Opening Balance (end 2010)	
Financial transactions:	
Share capital	
Reserves	
Reinvested earnings	
Other changes	
Closing Balance (end 2011)	

**2. Debt**

<b>Short and long-term debt claims of your enterprise on your direct investment enterprise(s)</b>	
Opening Balance (end 2010)	
Financial transactions (net)	
Other changes	
Closing Balance (end 2011)	
<b>Short and long-term debt liabilities by your enterprise to your direct investment enterprise(s)</b>	
Opening Balance (end 2010)	
Financial transactions (net)	
Other changes	
Closing Balance (end 2011)	

**3. Income payable & receivable between your enterprise and your direct investment enterprise(s) & withholding taxes payable**

Interest receipts (IR)	
Withholding taxes on (IR), if any	
Interest payments (IP)	
Withholding taxes on (IP), if any	
Gross dividends received & receivable (DR)	
Withholding taxes on (DR), if any	
Gross dividends paid & payable (DP)	
Withholding taxes on (DP), if any	



Coordinated Direct Investment Survey: In-Form  
Explanatory Notes to the Questionnaire on foreign Direct Investment In Lebanon

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## **I. GENERAL INFORMATION**

### **1. Aim of the survey**

The aim of the survey is to compile foreign direct investment in Lebanon, that is, data on direct investments made in Lebanon by non-residents [1]. Such information is essential for economic analysis, for measuring the growth of investments and for monitoring their impact on the Lebanese economy.

The survey is coordinated by the International Monetary Fund and is being conducted as part of a global undertaking. It is made within the framework of the statistical obligations of Lebanon, more particularly in the field of the balance of payments and the international investment position; these statistics respectively reflect the transactions of Lebanon with the rest of the world and the external position of the country vis-à-vis the rest of the world.

### **2. Scope of the survey**

The survey's target is to determine which resident enterprises have engaged in a foreign direct investment relationship.

The resident enterprise is said to have a direct investment relationship with its non-resident 'direct investor' whenever that investor holds at least 10% of its ordinary shares or voting rights. The resident enterprise is then called a 'direct investment enterprise'.

Please note that this survey is independent from the Coordinated Portfolio Investment Survey [2].

### **3. Confidentiality**

\* Information received by the Banque du Liban is not disclosed to third parties, and will only be used for statistical purposes.

\* Statistics will only be published in an aggregate form that does not allow any direct or indirect identification of the individual data.

### **4. Dissemination**

Survey results are posted on the Banque du Liban's website ([www.bdl.gov.lb](http://www.bdl.gov.lb)).

### **5. Questionnaire**

The questionnaire comprises three sections:

- \* Section I: information on the resident direct investment enterprise (your enterprise),
- \* Section II: information on the non-resident direct investor(s),
- \* Section III: statistical data.

Whether your enterprise is engaged in a direct investment relationship with one direct investor or more, you are kindly requested to fill out only one questionnaire that covers all non-resident direct investors.

### **6. Reporting period**

The survey covers positions and balances with non-residents as at 31 December 2010 and as at 31 December 2011 (reference year), and for financial transactions and income items in between these two dates. The survey is to be repeated every year, targeting the two preceding years and the period in-between.



## Coordinated Direct Investment Survey: In-Form

### Explanatory Notes to the Questionnaire on foreign Direct Investment In Lebanon

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## **II. EXPLANATORY NOTES**

### **1. Preliminary remarks**

When a direct investment relationship exists between a non-resident and a resident, all the financial transactions between them are considered as foreign direct investment transactions.

### **2. Definitions**

#### **Direct investment enterprise:**

An enterprise, resident in an economy, is classified as a direct investment enterprise whenever an investor, resident in another economy, holds at least 10 percent of the ordinary shares or voting rights, either directly or indirectly.

#### **Direct investor:**

A direct investor is an enterprise or an individual resident in an economy, which\_ directly or indirectly\_ holds at least 10 percent of the ordinary shares or voting rights in an enterprise resident in another economy.

#### **Direct investment relationship:**

A direct investment relationship is any link between a non-resident and a resident enterprise with the following characteristics:

- a. It enables that non-resident to exercise control or a significant influence on the management of the resident enterprise;
- b. It constitutes evidence of a lasting interest of the non-resident in the resident enterprise.

#### **Reverse investment:**

a. When a direct investment enterprise acquires financial claims on its direct investor that are inferior to 10% of the voting equity, transactions and positions between the two entities (in equity and debt) are referred to as reverse investment. They should be reported by the direct investment enterprise as claims on the direct investor.

b. When a direct investment enterprise acquires financial claims on its direct investor that are equal to or exceed 10% of the voting equity, it is considered to be another direct investment relationship. Transactions and positions between the two entities (in equity and debt) should be reported as claims on the direct investment enterprise in the survey form for direct investment abroad (Out-Form).

### **3. DETAILED INFORMATION ON THE QUESTIONNAIRE:**

Only one questionnaire should be filled out, even if your enterprise has a direct investment relationship with more than one direct investor.

## **III. THE APPLICATION**

### **1. Section I. Identification of the resident enterprise**

Please indicate the name, coordinates and principal activity of your enterprise (the direct investment enterprise).

### **2. Section II. Identification of the non-resident direct investor**

Please indicate the name, country of residence and principal activity of the non-resident direct investor(s) [3]. When the direct investor is an individual, select the activity "Individuals" under "principal activity".

For each non-resident direct investor, the share in the total capital (in percentage) should be provided.

### **3. Section III. Statistical information**

#### **General guidelines**

In this part, the financial situation of your enterprise is detailed: the situation as at the end of the reference year (closing balance) and of the year preceding it (opening balance), as well as the changes that occurred during the period in-between. For each item, the amounts related to each non-resident direct investor should be mentioned. **All figures must be reported in US dollars (USD).**

Financial Transactions must be recorded at the value registered at the time they occurred.

If a transaction took place in a currency other than the USD:

\* for transactions that occur continuously over the period, as in the case of interest receipts and payments: a weighted average exchange rate for the reporting period should be used;

\* for other transactions: the exchange rate on the day of the transaction should be used.

For interest, the total value of interest (payable and receivable) that accrued during the reference year must be reported, even if some payment or receipt took place during that year.

For dividends, the total value of dividends received or receivable (paid or payable) during the reference year must be reported.

For positions that are not in USD, end-of-year foreign currency exchange rates must be used.

When there is no relation of reverse investment with the direct investor(s), only the fields related to "liabilities by your enterprise to your direct investor(s)" must be filled (for both equity and debt).

When there is a relation of reverse investment with one or more of your direct investors, then outward positions and transactions of your enterprise with these direct investors must be recorded under "claims of your enterprise on your direct investor(s)" (equity and debt).

#### **Specific guidelines**

##### **1. Owners' Equity**

Owners' equity encompasses both voting and non-voting shares, including participating preferred shares, as well non-cash acquisition of equity, such as the provision of machinery, capital equipment, and goods and services.

##### Opening balance / Closing balance:

\* Total book value of the paid-up share capital (excluding any shares on issue that the enterprise holds in itself and including issuing premiums),

\* Reserves,

\* Cumulated reinvested earnings; they may be negative.

All kinds of reserves identified as equity in your enterprise's balance sheet must be included, together with investment grants when accounting guidelines consider them as a component of owners' equity.

In determining the owner's equity of your enterprise, depreciation on property, plant and equipment must be deducted.

Financial transactions represent changes in share capital, reserves or reinvested earnings that took place during the reporting year. Acquisitions of shares by non-residents (+) as well as sales by non-residents to resident shareholders (-) must be reported here, at market value and including issuing premiums.



## Coordinated Direct Investment Survey: In-Form

### Explanatory Notes to the Questionnaire on foreign Direct Investment In Lebanon

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Other changes are changes that did not arise from transactions but mostly from valuation adjustments, e.g.:

- \* Inclusion of loans in equity (book value of loans converted during the reporting period);
- \* Inclusion of profits/reserves (the part of the profit for the financial year which was added to the capital/the part of the reserves converted during the reporting period);
- \* Revaluation or write-offs of assets.

#### **2. Debt**

Debt encompasses loans (and not loan guarantees), trade credits, financial leases, other accounts payable, insurance technical reserves and marketable debt securities.

Loans, trade credits and other accounts payable must be reported on a nominal value basis, that is, the value of funds advanced less any repayments plus any outstanding accrued interest. Debt securities must be reported in market value as of the balance sheet date, and include non-participating preferred shares.

Debt in both directions must be reported, that is, from the direct investor to the direct investment enterprise and vice versa.

Opening balance / Closing balance: the value of outstanding debt.

Financial transactions: examples are disbursements and repayments of loans' principals, subscriptions in and issuance of debt securities.

Other changes: changes that did not arise from transactions, but from exchange rate fluctuations, conversions of loans into share capital, write-ups, write-downs or write-offs of debt liabilities, etc..

#### **3. Income payable and receivable between your enterprise and your direct investor(s), and withholding taxes payable**

In this table, interest payments and receipts as well as dividend payments and receipts and withholding taxes payable are to be recorded, when applicable.

Interest payments (receipts) should be recorded on an 'accrued' basis, i.e. when they are due or receivable, whether they have been paid or not during the reference year. For dividends, the total value of dividends received or receivable (paid or payable) during the reference year must be reported. Withholding taxes are to be reported whenever applicable.

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[1] For explanations on the residence principle, please refer to Basic Decision #6170 dated May 17, 1996.

[2] Basic Decision #8052 dated 13 February 2002.

[3] You are kindly requested to choose the appropriate code for principal activity based on turnover.



Coordinated Direct Investment Survey: Out-Form  
Explanatory Notes to the Questionnaire on Direct Investment Abroad

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### **1. Aim of the survey**

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The survey is coordinated by the International Monetary Fund and is being conducted as part of a global undertaking. It is made within the framework of the statistical obligations of Lebanon, more particularly in the field of the balance of payments and the international investment position; these statistics respectively reflect the transactions of Lebanon with the rest of the world and the external position of the country vis-à-vis the rest of the world.

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The resident enterprise is said to have a direct investment relationship with its non-resident 'direct investment enterprise' whenever it holds at least 10% of its ordinary shares or voting rights. The resident enterprise is then called a 'direct investor'.

Please note that this survey is independent from the Coordinated Portfolio Investment Survey [2].

### **3. Confidentiality**

\* Information received by the Banque du Liban is not disclosed to third parties, and will only be used for statistical purposes.

\* Statistics will only be published in an aggregate form that does not allow any direct or indirect identification of the individual data.

### **4. Dissemination**

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Whether your enterprise is engaged in a direct investment relationship with one direct investment enterprise or more, you are kindly requested to fill out only one questionnaire that covers all non-resident direct investment enterprises.

### **6. Reporting period**

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#### **Direct investment relationship:**

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- a. It enables the resident enterprise to exercise control or a significant influence on the management of the non-resident enterprise;
- b. It constitutes evidence of a lasting interest of the resident enterprise in the non-resident enterprise.

#### **Reverse investment:**

a. When a direct investment enterprise acquires financial claims on its direct investor that are inferior to 10% of the voting equity, transactions and positions between the two entities (in equity and debt) are referred to as reverse investment. They should be reported by the direct investor as liabilities to the direct investment enterprise.

b. When a direct investment enterprise acquires financial claims on its direct investor that are equal to or exceed 10% of the voting equity, it is considered to be another direct investment relationship. Transactions and positions between the two entities (in equity and debt) should be reported as liabilities to the direct investor in the survey form for direct investment in Lebanon (In-Form).

### **3. DETAILED INFORMATION ON THE QUESTIONNAIRE:**

Only one questionnaire should be filled out, even if your enterprise has a direct investment relationship with more than one direct investment enterprise.



Coordinated Direct Investment Survey: Out-Form  
Explanatory Notes to the Questionnaire on Direct Investment Abroad

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### **III. THE APPLICATION**

#### **1. Section I. Identification of the resident enterprise**

Please indicate the name, coordinates and principal activity of your enterprise (the direct investor).

#### **2. Section II. Identification of the non-resident direct investment enterprise**

Please indicate the name, country of residence and principal activity of the non-resident direct investment enterprise(s) [3].

For each non-resident direct investment enterprise, the share in the total capital (in percentage) should be provided.

#### **3. Section III. Statistical information**

##### **General guidelines**

In this part, the financial situation of your enterprise is detailed: the situation as at the end of the reference year (closing balance) and of the year preceding it (opening balance), as well as the changes that occurred during the period in-between. For each item, the amounts related to each non-resident direct investment enterprise should be mentioned.

**All figures must be reported in US dollars (USD).**

Financial Transactions must be recorded at the value registered at the time they occurred.

If a transaction took place in a currency other than the USD:

\* for transactions that occur continuously over the period, as in the case of interest receipts and payments: a weighted average exchange rate for the reporting period should be used;

\* for other transactions: the exchange rate on the day of the transaction should be used.

For interest, the total value of interest (payable and receivable) that accrued during the reference year must be reported, even if some payment or receipt took place during that year.

For dividends, the total value of dividends received or receivable (paid or payable) during the reference year must be reported.

For positions that are not in USD, end-of-year foreign currency exchange rates must be used.

When there is no relation of reverse investment with the direct investment enterprise(s), only the fields related to "claims by your enterprise on your direct investment enterprise(s)" must be filled (for both equity and debt).

When there is a relation of reverse investment with one or more of your direct investment enterprises, then inward positions and transactions of your enterprise with these direct investment enterprises must be recorded under "liabilities by your enterprise to your direct investment enterprise(s)" (equity and debt).



Coordinated Direct Investment Survey: Out-Form  
Explanatory Notes to the Questionnaire on Direct Investment Abroad

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### **Specific guidelines**

#### **1. Owners' Equity**

Owners' equity encompasses both voting and non-voting shares, including participating preferred shares, as well non-cash acquisition of equity, such as the provision of machinery, capital equipment, and goods and services.

Opening balance / Closing balance:

\* Total book value of the paid-up share capital (excluding any shares on issue that the enterprise holds in itself and including issuing premiums),

\* Reserves,

\* Cumulated reinvested earnings at the end of the previous year; they may be negative.

All kinds of reserves identified as equity in the direct investment enterprise's balance sheet must be included together with investment grants when accounting guidelines consider them as a component of owners' equity.

In determining the owner's equity of the direct investment enterprise, depreciation on property, plant and equipment must be deducted.

Financial transactions represent changes in share capital, reserves or reinvested earnings that took place during the reporting year. Acquisitions of shares by residents (-) as well as sales by residents to non-resident shareholders (+) must be reported here, at market value and including issuing premiums.

Other changes are changes that did not arise from transactions but mostly from valuation adjustments, e.g.:

\* Inclusion of loans in equity (book value of loans converted during the reporting period);

\* Inclusion of profits/reserves (the part of the profit for the financial year which was added to the capital/the part of the reserves converted during the reporting period);

\* Revaluation or write-offs of assets.

#### **2. Debt**

Debt encompasses loans (and not loan guarantees), trade credits, financial leases, other accounts payable, insurance technical reserves and marketable debt securities.

Loans, trade credits and other accounts payable must be reported on a nominal value basis, that is, the value of funds advanced less any repayments plus any outstanding accrued interest. Debt securities must be reported in market value as of the balance sheet date, and include non-participating preferred shares.

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Opening balance / Closing balance: the value of outstanding debt.

Financial transactions: examples are disbursements and repayments of loans' principals, subscriptions in and issuance of debt securities.

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Coordinated Direct Investment Survey: Out-Form  
Explanatory Notes to the Questionnaire on Direct Investment Abroad

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**3. Income payable and receivable between your enterprise and your direct investment enterprise(s) and withholding taxes payable**

In this table, interest payments and receipts as well as dividend payments and receipts and withholding taxes payable are to be recorded, when applicable.

Interest payments (receipts) should be recorded on an ‘accrued’ basis, i.e. when they are due or receivable, whether they have been paid or not during the reference year. For dividends, the total value of dividends received or receivable (paid or payable) during the reference year must be reported. Withholding taxes are to be reported whenever applicable.

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