



## **Intermediate Circular No 408**

### **Addressed to Banks and Financial Institutions**

Attached is a copy of Intermediate Decision No 12134 of November 20, 2015 amending Basic Decision No 6116 of March 7, 1996 (Facilities that may be granted by Banque du Liban to Banks and Financial Institutions) attached to Basic Circular No 23.

Beirut, November 20, 2015

The Governor of Banque du Liban

Riad Toufic Salamé

## Intermediate Decision No 12134

### **Amending Basic Decision No 6116 of March 7, 1996 Relating to Facilities that may be granted by Banque du Liban to Banks and Financial Institutions**

**The Governor of Banque du Liban,  
Pursuant to the Code of Money and Credit, namely Articles 70, 99, 153, and 174  
thereof;  
Pursuant to Basic Decision No 6116 of March 7, 1996 and its amendments, relating to  
Facilities that may be granted by Banque du Liban to Banks and Financial Institutions;  
and  
Pursuant to the Decision of the Central Council of Banque du Liban, taken in its  
meeting of November 18, 2015,**

**Decides the following:**

#### **Article 1:**

Subparagraphs (7) and (8) shall be added to Paragraph First, Article 8 bis, Basic Decision No 6116 of March 7, 1996, and shall read as follows:

- “7- Incubators and Accelerators are prohibited from participating or investing in Startup companies, unless such participation or investment is in exchange for their support to these Startups, and does not exceed 5% of the capital of each Startup benefiting from this support.
- 8- The Managers of Incubators and Accelerators that benefit from the provisions of this Article to support Startup companies, are prohibited from participating or investing in any such companies, whether directly or indirectly.”

#### **Article 2:**

Subparagraph (4) of Paragraph Third of Article 8 bis of Basic Decision No 6116 of March 7, 1996, shall be repealed and replaced by the following text:

- “4- Profits and amounts due to Banque du Liban as specified in Subparagraph (2) of Paragraph Third, shall be paid, after deducting administrative fees and costs:
- Whenever the bank transfers its participation in a Venture Capital Company and not when this Venture Capital Company transfers its shares in Startup companies, as long

as the Venture Capital Company pursues its activities in accordance with the provisions of this Article.

- Whenever Incubators and Accelerators transfer their participation in Startup companies, provided this participation has been approved pursuant to the provisions of Subparagraph (7) of Paragraph First of this Article.”

### **Article 3:**

Paragraphs Twentieth, Twenty-First, Twenty-Second, and Twenty-Third of Article 9 bis of Basic Decision No 6116, of March 7, 1996, shall be repealed and replaced by the following:

#### **“Twentieth:**

Banks may all together benefit from facilities whose total amount is equivalent to 1,500 billion Lebanese pounds, against the loans referred to in this Article and granted at their own responsibility to their customers by November 15, 2016, pursuant to the terms, rules, and mechanism specified in Paragraphs First, Second, Third, Fourth, Eighth, Eleventh, Thirteenth, Fourteenth, and Fifteenth of this Article, provided the total amount of facilities granted by Banque du Liban to banks all together against their housing loans does not exceed 900 billion Lebanese pounds.

#### **Twenty-First:**

In order to benefit from the provisions of Paragraph Twentieth of this Article, the concerned banks must submit to the Governor’s office, as of February 1, 2016, the following documents in three copies, of which one original:

- 1- By November 15, 2016, a separate approval request for each of the following loans referred to in Paragraph Third of this Article:
  - a- Loans specified in Subparagraphs (1) through (7) and in Subparagraphs (22) and (30).
  - b- Loans specified in Subparagraph (8), whose value exceeds 1.5 billion Lebanese pounds each; as well as loans specified in Subparagraph (27) and granted in connection with those of Subparagraph (8).
  - c- Loans specified in Subparagraph (23), whose value exceeds 30 million Lebanese pounds each.

The following documents shall be attached to the request:

- The loan agreement signed between the concerned bank and the customer, provided it specifies the transferable guarantees given by the customer.
- The Technical Assessment Report prepared by the Ministry of Environment technical team, concerning the loans specified in Subparagraph (22), Paragraph Third of this Article.
- The reimbursement schedule prepared according to attached Form (IN-A-CF).
- The documents relating to the guarantees referred to in Paragraph Second of this Article.
- Any other document required by Banque du Liban.

2- By November 15, 2016, a collective approval request for each of the following loan categories referred to in Paragraph Third of this Article:

- a- Loans specified in Subparagraphs (9) through (21), and in Subparagraphs (24), (25), (26), (28), (29), and (31).
- b- Loans specified in Subparagraph (8) whose value does not exceed LBP 1.5 billion each; and loans specified in Subparagraph (27) and granted in connection with those of Subparagraph (8).
- c- Loans specified in Subparagraph (23) whose value does not exceed LBP 30 million each.

The following documents shall be attached to the request:

- The documents relating to the guarantees referred to in Paragraph Second of this Article.
- The agreements related to loans specified in Subparagraphs (9), (10), (24), and (25) of Paragraph Third of this Article, loans specified in Subparagraph (8) whose value does not exceed LBP 1.5 billion each, and loans specified in Subparagraph (27) and granted in connection with those of Subparagraph (8); along with their reimbursement schedule, provided the reimbursement schedule of loans specified in Subparagraphs (9), (24), and (25) is signed by Kafalat S.A.L.
- The guarantee given by Kafalat S.A.L. for loans specified in Subparagraphs (9), (24), and (25) of Paragraph Third of this Article.
- The guarantee given by the guaranteeing institution for loans specified in Subparagraph (26) of Paragraph Third of this Article.
- The cash flow table, based on the maturity date of the installments of loans granted to customers, according to attached Form (IN-B-CF).

Twenty-Second:

- 1- The principal of facilities granted by Banque du Liban to the concerned banks pursuant to Paragraph Twentieth of this Article, shall be reimbursed during the maturity period of loans granted by these banks to their customers, through monthly installments to be paid on the first working day of the month, starting January 2, 2017.
- 2- Based on the loan reimbursement schedules prepared according to the above-mentioned Forms (IN-A-CF) and (IN-B-CF), the amount of the installments due by banks shall be set as a percentage of the installments due by customers, equivalent to the percentage specified in Paragraph Third for each loan category.
- 3- Interests due by the concerned banks shall be computed on an annual basis and paid on the first working day of each year.
- 4- Contrary to the provisions of Subparagraph (1) of this Paragraph, installments due in 2016 by the concerned banks, out of the principal of loans granted to them by Banque du Liban in 2016, shall be computed on December 31, 2016 and paid all at once on January 2, 2017.

Twenty-Third:

- Within the total credit limit specified in Paragraph Twentieth of this Article, the Housing Bank may benefit, by November 15, 2016, from facilities at a 1% interest rate, against the housing loans it grants to customers, pursuant to the rules and mechanism specified in Paragraphs Twentieth and Twenty-Second and in Subparagraph (2) of Paragraph Twenty-First of this Article.”

**Article 4:**

This Decision shall enter into force upon its issuance.

**Article 5:**

This Decision shall be published in the Official Gazette.

Beirut, November 20, 2015

The Governor of Banque du Liban

Riad Toufic Salamé