

**Note: This version does not include the amendments of Intermediate Circular No. 565 of August 4, 2020**

**BANQUE DU LIBAN**

**Basic Circular No. 3  
Addressed to Exchange Institutions**

Attached is a copy of Basic Decision No. 7933 of 27 September 2001, to which are attached the Implementation Rules of Law No. 347 of 6 August 2001 (Regulating the Money Changer Profession).

Beirut, 27 September 2001

The Governor of Banque du Liban

Riad Toufic Salamé

**Basic Decision No. 7933**

**Implementation Rules of the Law Regulating the Money Changer Profession**

**The Governor of Banque du Liban,**

**Pursuant to Law No. 347 of 6 August 2001 (Regulating the Money Changer Profession in Lebanon), in particular Articles 3, 4, and 10 thereof; and**

**Pursuant to the Decision of the Central Council of Banque du Liban, taken in its meeting of 26 September 2001,**

**Decides the following:**

**Article 1:** The Implementation Rules attached hereby shall become effective, with regard to:

- The documents required to obtain the license to exercise the money changer profession.
- The ceiling for traveler's checks that may be purchased or sold by exchange institutions of category (B).
- The facilities that exchange institutions may obtain from banks.
- The transfer of exchange institutions established as sole proprietorships, or of shares and participations in exchange institutions established as corporations.

**Article 2:** The provisions of Decision No. 6053 of 4 November 1995, notified by Circular No. 8\* of 4 November 1995 to Exchange Institutions, are repealed.

**Article 3:** This Decision and the attached Implementation Rules shall come into force upon their issuance.

**Article 4:** This Decision and the attached Implementation Rules shall be published in the Official Gazette.

Beirut, 27 September 2001

The Governor of Banque du Liban

Riad Toufic Salamé

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\* This number is according to the old numbering system.

## **Implementation Rules of the Law Regulating the Money Changer Profession**

**Article 1:** These Implementation Rules are established in accordance with the provisions of Law No. 347 of 6 August 2001 (Regulating the Money Changer Profession in Lebanon), in particular Articles 3, 4 and 10 thereof.

### **Section I: Documents Required to Obtain the License to Exercise the Money Changer Profession**

**Article 2:** In order to obtain a license to exercise the money changer profession, an application signed by the founders or the partners, or by the owner of the sole proprietorship shall be submitted to Banque du Liban, along with the following documents:

a- For all types of exchange institutions:

- 1- A document evidencing the identity of each founder and each person intending to participate in the subscription to, and payment of the capital, or the identity of each partner (an identity card or passport or extract of Civil Status, or a copy of the registration file at the Trade Register if any founder or shareholder or partner is a legal person).
- 2- A police record for each of the above-mentioned natural persons, issued within the last three months.
- 3- A statement with financial and ethical information for each of the above-mentioned persons, and an accurate assessment of their net worth.
- 4- The by-laws or the partnership agreement, signed by all the founders or partners.
- 5- For joint-stock companies, a statement showing the participation percentage of prospective subscribers, including the shares classes and split.
- 6- A duly certified rental agreement in the name of the exchange institution, or a copy of the title deed proving that the institution is the owner of its current headquarters, or the landlord's commitment to promptly draw up a rental or sale agreement in the institution's name as soon as the latter obtains a license from Banque du Liban.
- 7- A statement in which the partners or founders acknowledge that the headquarters of the exchange institution are independent premises exclusively dedicated to exchange operations.

8- <sup>1</sup>Concerning exchange institutions established after 18 May 2011, a document proving that the partners in a general partnership, or the active partners in a limited partnership, or the chairman and members of the Board of Directors and the general directors 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.

This obligation shall apply whenever any of the above-mentioned persons change, in any exchange institution, regardless of its establishment date.

b- For exchange institutions established in the form of sole proprietorship:

The institution's owner shall attach to his/her application the following documents in three copies, of which an original:

- 1- A document proving the owner's identity (identity card or passport or extract of Civil Status).
- 2- An individual police record for the institution's owner, issued within the last three months.
- 3- A statement with financial and ethical information on the institution's owner, and an accurate assessment of his/her net worth.
- 4- A duly certified rental agreement in the name of the institution's owner, or a copy of the title deed in the owner's name proving his/her ownership of the institution's current headquarters.
- 5- A statement in which the institution's owner acknowledges that the institution's headquarters are independent premises exclusively dedicated to exchange operations.

6- <sup>2</sup>Concerning exchange institutions established after 18 May 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.

This obligation shall apply whenever any of the above-mentioned persons change, in any exchange institution, regardless of its establishment date.

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<sup>1</sup>- This paragraph was added by Article 1 of Intermediate Decision No. 10727 of 21 May 2011 (Intermediate Circular No. 264), and then amended by Article 1 of Intermediate Circular No. 10787 of 22 August 2011 (Intermediate Circular No. 272).

<sup>2</sup>- This paragraph was added by Article 2 of Intermediate Decision No. 10727 of 21 May 2011 (Intermediate Circular No. 264), and then amended by Article 2 of Intermediate Circular No. 10787 of 22 August 2011 (Intermediate Circular No. 272).

## **Section II: Ceiling of Traveler's Checks**

**Article 3:** In accordance with Article 3 of Law No. 347 of 6 August 2001 (Regulating the Money Changer Profession in Lebanon), the aggregate value of traveler's checks still under collection that exchange institutions of category (B) may purchase and sell shall not exceed, at any time, an amount of ten thousand US dollars or its equivalent in other currencies.

## **Section III: Banking Facilities to Exchange Institutions**

**Article 4:** In accordance with Article 10 of the above-mentioned Law No. 347, it is prohibited for exchange institutions to obtain any banking facilities in Lebanese pound for money exchange activities. These institutions may however obtain banking facilities in foreign currencies for their money exchange activities, provided these facilities do not exceed, at any time, 50% of their capital.

## **Section IV: Transfer of Exchange Institutions established as Sole Proprietorships, or of Shares and Participations in Exchange Institutions established as Corporations**

**Article 5:** The transfer of an exchange institution established as a sole proprietorship must be pre-approved by Banque du Liban.  
The transfer of shares and participations in exchange institutions established as corporations, regardless of their legal form, must also be pre-approved by Banque du Liban, whenever the transfer leads to the acquisition by one person, whether directly or indirectly, of more than 10% (ten per cent) of the institution's total shares and participations.

**Article 6:** In cases that do not require BDL approval, the concerned institution shall verify, on its own and full responsibility, the fulfillment of all legal and regulatory conditions (preemptive right of shareholders or partners, approval by the Board of directors or by the partners...) regarding the transfer of shares or participations in an exchange institution, once the following documents are submitted by the stakeholders and kept by the institution:

- A copy of the transfer deed of shares or participations, dated and signed by both the transferor and the transferee, with their full addresses (P.O. Box- Phone number- Fax/Telex- E-mail) and all the transfer terms, in particular the price.
- A copy of the ID card (or passport) of the transferee, if the latter is a natural person.

- A police record for the transferee, if the latter is a natural person.
- A copy of the registration certificate at the relevant Trade Register, when the transferee is a corporation, with a list including the names of shareholders or partners, and the percentage of their shares or participations.
- When needed, a certified copy of the enforceable copy of the devolution of property, or a certified copy of the will.
- A document proving compliance with the obligation imposed in Article 2, Paragraphs (a-8) and (b-6) above.<sup>1</sup>
- When the transferee is a joint-stock company, a duly certified copy of the by-laws, stating explicitly that all the shares are in registered form, and are fully and continuously owned, whether directly or indirectly, by Lebanese natural persons or by Lebanese companies whose shares are in registered form.<sup>2</sup>

**Article 7:** In cases that require BDL prior approval, the application shall be submitted to the Governor's Secretariat, through the concerned institution or corporation, and in three copies, of which an original, along with the following documents:

First: The transfer deed of the exchange institution established as a sole proprietorship, or the transfer deed of the shares or participations in the exchange institution established as a corporation. The transfer deed shall be dated and signed by both the transferor and the transferee. It shall include all the transfer terms, in particular the price, as well as an explicit clause indicating that the enforcement of the transfer is contingent upon BDL approval. The signature and the capacity of the signatories shall be certified by a notary public for the exchange institution established as a sole proprietorship; and by a notary public or by the concerned institution for transferred shares and participations.

Second: In case the transferor is a corporation:

- 1- A duly certified copy of the corporation's Articles of Association or by-laws, or of any other document designating the party authorized to sign the transfer deed of shares or participations.
- 2- When needed, a copy of the decision taken by the corporation's relevant body to approve the transfer, and a copy of the authorization granted to sign the transfer deed.

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<sup>1</sup>- This paragraph was added by Article 3 of Intermediate Decision No. 10787 of 22 August 2011 (Intermediate Circular No. 272).

<sup>2</sup>- This paragraph was added by Article 4 of Intermediate Decision No. 12194 of 29 February 2016 (Intermediate Circular No. 411).

- Third: In case the subscriber or the transferee is a natural person:
- 1- A police record, issued within the last three months.
  - 2- A copy of the identity card, or passport, or extract of Civil Status.
  - 3- A statement prepared within the last three months according to attached Form No 1, dated and signed by the concerned natural person, with information about his/her social and financial status, a detailed assessment of his/her net worth (assets and liabilities), and the estimated value of his/her shares, participations, and real estate properties.

- Fourth: In case the subscriber or the transferee is a corporation:
- 1- For all types of corporations:
    - a- A certificate of registration with the competent authorities.
    - b- Duly prepared and signed financial statements, for the last three fiscal years, or for the period following the corporation establishment if it is less than three years.
    - c- When needed, a copy of the decision taken by the corporation's competent body to approve the subscription or transfer, and a copy of the authorization granted to sign the transfer deed.
    - d- A police record issued within the last three months, for the Board Chairman or the general manager in a joint-stock company, or for the manager or the active partner in a partnership.
    - e- A statement prepared within the last three months according to attached Form No 2, dated and signed by the competent authority, showing in detail the estimated value of the corporation's real estate investments, shares, and participations.
  - 2- For joint-stock companies, and in addition to the documents mentioned in Sub-paragraph 1 above:
    - a- A duly certified copy of the company's by-laws, stating explicitly that all the shares are in registered form, and are fully and continuously owned, whether directly or indirectly, by Lebanese natural persons or Lebanese companies whose shares are in registered form.<sup>1</sup>

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<sup>1</sup>- This paragraph was amended by Article 5 of Intermediate Decision No. 12194 of 29 February 2016 (Intermediate Circular No. 411).

- b- A duly certified copy of the minutes of the meeting in which the incumbent Chairman and members of the Board were elected.
  - c- A list with the names of the shareholders and the number of their shares.
- 3- For limited liability companies and partnerships, in addition to the documents mentioned in Sub-paragraph 1 above:
- a- A duly certified copy of the company's Articles of Association.
  - b- When needed, a duly certified copy of the minutes of the partners' meeting in which the manager was appointed.
  - c- A list with the names of the partners and the percentage of their participation.

Fifth<sup>1</sup>: A document proving compliance with the obligation stipulated in Article 2, Sub-paragraphs (a-8) and (b-6) above.

**Article 8:**

- 1- Exchange institutions established as joint-stock companies shall, within a one-month time limit:
  - a- Enter in their records any transfer of shares approved by BDL Central Council.
  - b- Notify the Legal Department at Banque du Liban, in writing, about the transfer recording date.
- 2- Exchange institutions, established as sole proprietorships or partnerships or limited liability companies, shall provide the Legal Department at Banque du Liban with a certified copy of the deed of transfer approved by BDL Central Council, as recorded at the Trade Register Secretariat, within fifteen days from the transfer registration date at the said Register.

**Section V<sup>2</sup>:                      Miscellaneous Provisions**

**Article 9<sup>3</sup>:** Each exchange institution is required to send promptly to the concerned bank a notification that contains:

- 1- Information about any check issued by the exchange institution and drawn on that bank, or about any banking operation executed through that bank on behalf of the exchange institution's customers, particularly whether or

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<sup>1</sup>- This paragraph was added by Article 4 of Intermediate Decision No. 10787 of 22 August 2011 (Intermediate Circular No. 272).

<sup>2</sup>- This Section was added by Article 1 of Intermediate Decision No. 9233 of 9 January 2006 (Intermediate Circular No. 101).

<sup>3</sup>- The last amendment to this Article was made by Article 5 of Intermediate Decision No. 10787 of 22 August 2011 (Intermediate Circular No. 272).

not the check-related operation or the banking operation was executed against an amount received in cash by the exchange institution, in addition to information about the source and destination of funds, and the identity of both the beneficiary and beneficial owner when the value of the check or operation is above USD 10,000 or its equivalent.

- 2- The information mentioned in Paragraph 1 of this Article, concerning any transfer executed through that bank to third persons in Lebanon, as a result of an exchange operation or a cross-border transportation<sup>1</sup> of cash and/or precious metals, regardless of the amount transferred.

**Article 10**<sup>2</sup>: It is prohibited for an exchange institution to open bank accounts at a bank where any of its owners, partners, shareholders, directors, or authorized signatories holds an account. The spouse, as well as 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**<sup>3</sup>: Each exchange institution shall:

- Communicate to the Banking Control Commission of Lebanon the names of the banks where they have opened accounts, and notify it of any subsequent change therein.
- Take the required measures to communicate to the Banking Control Commission of Lebanon 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**<sup>4</sup>: All exchange institutions are required, whenever 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 whenever undertaking cross-border transportation<sup>5</sup> of cash and/or precious metals, to execute these operations solely in one of the following manners:

- By delivering to the customer cash amounts and/or precious metals, according to the case.
- By issuing in the customer’s name a check payable only to the first beneficiary.

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<sup>1</sup>- Refer to Basic Decision No 8024 of 11 January 2002 (Basic Circular No. 89 addressed to Banks) relating to Cross-border transportation of cash and precious metals.

<sup>2</sup>- This Article was added by Article 3 of Intermediate Decision No. 10727 of 21 May 2011 (Intermediate Circular No. 264).

<sup>3</sup>- This Article was added by Article 3 of Intermediate Decision No. 10727 of 21 May 2011 (Intermediate Circular No. 264).

<sup>4</sup>- This Article was added by Article 3 of Intermediate Decision No. 10727 of 21 May 2011 (Intermediate Circular No. 264), then amended by Article 6 of Intermediate Decision No. 10787 of 22 August 2011 (Intermediate Circular No. 272).

<sup>5</sup>- Refer to Basic Decision No 8024 of 11 January 2002 (Basic Circular No. 89 addressed to Banks) relating to Cross-border transportation of cash and precious metals.

- By a transfer order to the concerned customer's account at a bank operating in Lebanon or abroad, without requesting any transfer to a third person unless it is within Lebanon, and provided the obligation mentioned in Article 9 (2) of these Rules is fulfilled, regardless of the amount transferred.

**Article 13<sup>1</sup>:**

- 1- All exchange institutions are prohibited from:
  - Depositing cash amounts directly 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 above 1,500 US dollars that does not result from an exchange operation or a cross-border transport<sup>2</sup> 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.
- 3- Exchange institutions are prohibited from performing any kind of exchange or non-exchange operation, whether recorded in or off-balance sheet, with companies or mutual funds whose stocks or shares are fully or partially issued in bearer form, or that are directly or indirectly owned by companies or mutual funds whose stocks and shares are fully or partially issued in bearer form<sup>2</sup>.

**Article 14<sup>3</sup>:** In the course of their activities, all exchange institutions must comply with the following:

- To not open any kind of deposit accounts for customers, whether temporary or transitional, against the cash amounts it receives from the latter.
- To 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<sup>1</sup>:** Exchange institutions of Category A must comply with the following conditions:

- 1- To set sufficient and efficient AML/CFT procedures.
- 2- To appoint a Compliance Officer in order to control the institution's compliance with applicable laws and with regulations and recommendations issued by Banque du Liban, the Banking Control

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<sup>1</sup>- This Article was added by Article 3 of Intermediate Decision No. 10727 of 21 May 2011 (Intermediate Circular No. 264).

<sup>2</sup>- This paragraph was added by Article 6 of Intermediate Decision No. 12194 of 29 February 2016 (Intermediate Circular No. 411).

<sup>3</sup>- This paragraph was added by Article 3 of Intermediate Decision No. 10727 of 21 May 2011 (Intermediate Circular No. 264).

Commission and the Special Investigation Commission (SIC), particularly the Regulations on the Control of Financial and Banking Operations for Fighting 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 3 March 2006 attached to Basic Circular No. 103.
- 4- To 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- To 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 2 January 2012 to adjust their situation accordingly.

**Article 16**<sup>1</sup>: Exchange institutions must comply with applicable laws and with BDL regulations, particularly AML/CFT laws and regulations, including the definition and identification of the Beneficial Owner.

**Article 17**<sup>2</sup>: Exchange institutions are required to promptly notify Banque du Liban of any amendment or change in the information mentioned in the detailed List of exchange institutions posted on BDL website.

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<sup>1</sup>- This Article was added by Article 8 of Intermediate Decision No. 12826 of 13 June 2018 (Intermediate Circular No. 498).

<sup>2</sup>- This Article was added by Intermediate Decision No. 13107 of 19 September 2019 (Intermediate Circular No. 528).

## Form No. 1

**Information statement to be submitted by: (1) the subscriber or assignee, in the capacity of a natural person, in case the subscription or the assignment results, directly or indirectly, in the acquisition of this person of more than 10% (ten per cent) of the total shares or total participations in an exchange institution; (2) the assignee in the capacity of a natural person to whom an exchange institution established as a sole proprietorship was assigned:**

- Full name (as in the ID card):
- Place and date of birth:
- Nationality:
- Family status:
- Names of spouse and minor children:
- Full address:
  - \*P.O.Box:
  - \*Phone number:
  - \*Telex/Fax:
  - \*E-mail:
- Current Occupation:
- Qualifications and degrees:
  - \*
  - \*
- Professional experience:

1- Assets in Lebanon and abroad:  
Value

Estimated

- a. Real estate properties:
- b. Participation Shares:
  - Names of companies and percentage of participation:
- c. Non-fixed assets (cash and other):
- d. Other rights:

2- Liabilities:

Name

Date

Signature

## Form No. 2

**Information statement to be submitted: (1) by the subscriber or assignee in the capacity of legal entity, in case the subscription or the assignment results, directly or indirectly, in the acquisition by this entity of more than 10% (ten per cent) of total stocks or total shares in an exchange institution; (2) by the assignee in the capacity of a legal entity to whom an exchange institution established as sole proprietorship was assigned.**

- Corporate name and address (as in the Registration Certificate from the Trade Register):
- Full address:
  - \*P.O.Box:
  - \*Phone number:
  - \*Telex/Fax:
  - \*E-mail:
- Objective:
- Nationality:
- Legal Form:
- Capital:
- Duration:
- Date, place and number of registration:
- Names of the Chairman and members of the Board (joint-stock company):  
Or names of its managers (limited-liability company or partnership):
- Equity participation in other companies:
- Names of these companies and participation percentages:
- Real estate investments:

Name and Capacity:

Date:

Signature: