

BANQUE DU LIBAN

**Basic Circular No 1
Addressed to the Representative Offices of Foreign Banks**

Attached is a copy of Basic Decision No 7271 of April 15, 1999 on the establishment of representative offices of foreign banks in Lebanon.

Beirut, April 15, 1999

The Governor of the Banque du Liban

Riad Toufic Salamé

Basic Decision No 7271**Representative Offices of Foreign Banks in Lebanon**

The Governor of the Banque du Liban,

**Pursuant to Article 2 of Law 28/67 of May 9, 1967, and
Pursuant to the Decision of the Central Council of the Banque du Liban, taken in its
meeting of April 14, 1999,**

Decides the following:

Article 1:

The activities of a foreign bank's representative office in Lebanon consist of establishing public relations and contacts with other banks, financial institutions, companies, organizations, and public and private institutions, with a view to collect all kinds of information that may be useful to the bank's head office, and of undertaking also general studies on Lebanon and investors.

Article 2:

The representative office is strictly prohibited from: (a) dealing with individuals; (b) carrying out banking or commercial operations, particularly opening credit lines, granting credits, extending debt maturities, receiving deposits in the name or on behalf of the bank or a bank's subsidiary company, discounting bills of exchange, drafts, withdrawals, or any other debt instrument, accepting and signing agreements and commitments on behalf of the bank or a bank's subsidiary company; and (c) any other activity that may be directly or indirectly profitable to the representative office.

Article 3:

To obtain a license for the establishment of a foreign bank's representative office, an application must be submitted to the Banque du Liban, signed by the head office of the concerned bank or by its duly authorized representative. The following documents must be attached to the license application:

- a- Three copies, of which an original, duly certified by the competent authorities, the Lebanese Embassy in the registration country of the bank's head office, and the Lebanese Ministry of Foreign Affairs, and translated into Arabic as needed, of the following documents:

- 1- The foreign bank's statutes.

- 2- The decision taken by the head office to establish the representative office and set its competence.
 - 3- The prerogatives of the authorized representative heading the office, and the representative's curriculum vitae.
 - 4- The certificate proving its registration as a bank with the foreign authorities.
 - 5- The name and address of the manager in charge at the head office, who will receive the reports submitted by the representative of the representative office in Lebanon.
- b- Three copies of the annual bulletin published by the bank's head office for the last three years.

Article 4:

The foreign bank's head office must cover the expenses of the representative office, in particular the salary of the representative heading the office, and those of other staff members and contractual employees.

Article 5:

The representative office is required to provide the Legal Department of the Banque du Liban with the following documents:

- a- After obtaining the license stipulated in Article 3:
- 1- A notification certifying the registration of the representative office, issued by the Ministry of Economy and Trade—Trade Division- Corporate Section.
 - 2- The full address of the representative office.
 - 3- Any amendment in the bank's statutes, the terms of reference of the representative office, or the identity or prerogatives of the bank's representative, together with the notification issued by the Ministry of Economy.
- b- On a periodical basis:
- 1- Two copies of the annual reports published by the head office, including the Board of Directors' report and the balance sheet.

- 2- Two copies of a half-yearly report on the representative office's activities in Lebanon, to be submitted before the end of August for the first half of the calendar year, and before the end of February of the following year for the second half.

The Banque du Liban Legal Department shall provide the Banking Control Commission with a copy of the documents indicated in paragraph (b) of this Article.

Article 6:

Non-compliance of the representative office with the obligations specified in this Decision may lead to the cancellation of its license.

Article 7:

The following regulatory texts issued by the Banque du Liban shall be repealed:

- The Notification issued on March 8, 1968, addressed to the representative offices of foreign banks.
- The Notification issued on September 23, 1992, addressed to the representative offices of foreign banks.
- The Decision No 5710 of October 12, 1994, attached to Circular No 2* addressed to the representative offices of foreign banks in Lebanon.

Article 8:

This Decision shall be effective on its issuing date and published in the Official Gazette.

Beirut, April 15, 1999

The Governor of the Banque du Liban

Riad Toufic Salamé
