



هيئة الأسواق المالية  
CAPITAL MARKETS AUTHORITY

## **Decision Number 7**

### **Licensing Documents, Annual Statements and Miscellaneous Provisions Related to Financial Intermediation Institutions**

Pursuant to the Law No 161 dated 17/8/2011 on the capital markets,

Pursuant to the decision of the Capital Markets Authority's Board taken in its meeting held on November 11, 2013;

**The Chairman of the Capital Markets Authority (CMA) / Governor of the Central Bank of Lebanon declares the following,**

#### **Preamble:**

Pursuant to the Law No. 161 dated 17/8/2011, (on the capital markets) which entrusted the Capital Markets Authority with all powers related to the establishment, functioning and control of financial intermediation institutions;

The Capital Markets Authority adopts all procedures, measures and conditions stipulated in the basic decision No. 7551 dated March 30, 2000 issued by the Central Bank of Lebanon, (on licensing documents, annual statements and miscellaneous provisions of financial intermediation institutions in accordance with is the terms set forth herein).

#### **Section 1: Licensing Documents**

**Article 1:** The license request for the establishment of a Lebanese intermediation institution must be signed by the founders and submitted to the Capital Markets Authority along with an original copy and three copies of the following documents:

- 1- Documents certifying the identities of the founders, the persons willing to participate in the subscription to and payment of the institution's capital, and the persons expected to hold senior managerial positions (individual extract from the Civil Status Register/ identity card/ passport/ copy of the registration certificate from the Trade Register when the founder or the subscriber is a legal entity).
- 2- Statements signed by each of the abovementioned persons including their curriculum vitae (degrees, experiences and other information about their financial and moral status) and a precise evaluation of their net worth.
- 3- When legally available, a judicial record for each of the above-mentioned persons, issued in the last three months.
- 4- A statement specifying the percentage of subscribers' participation in the institution's capital, including the categories of shares, and their distribution among resident and non-resident Lebanese, Arabs, and foreigners.



- 5- A feasibility study on the establishment of the institution, covering the next three-year period and showing clearly the following:
  - a- Financing Sources of the same and its investment prospects thereof.
  - b- The profit and loss projections.
  - c- The balance sheet projections.
  - d- The cash flow projections.
- 6- A statement clarifying any direct or indirect relationship, if any, between the institution to be established and any specific institution or economic group(s), in Lebanon or abroad.
- 7- Draft texts of:
  - a- The institution's articles of association.
  - b- The organizational chart to be adopted.
  - c- And the basic rules of internal control and audit.

**Article 2:** The license request for the establishment of the branch of a foreign financial intermediation institution must be duly signed and submitted to the CMA, along with an original copy and three copies of all the following documents:

- 1- A duly certified copy of the Articles of Association of the foreign institution.
- 2- The documents and statements specified in terms (1), (2) and (3) of article 1 of the present decision related to the Institution's representative in Lebanon and persons expected to be assigned with senior management duties when need be.
- 3- A duly certified copy of the foreign Institution's registration in the country of origin or of the license granted by competent authorities to perform financial intermediation activities mainly.
- 4- A duly certified copy of the decision taken by the board of directors of the foreign institution, in which the Board:
  - a- Approves the establishment of a branch in Lebanon, whose main object is to perform financial intermediation activities.
  - b- Appoints the Institution's representative in Lebanon and defines its powers.
- 5- The documents and statements specified in clauses (5) and (6) and paragraphs (b) and (c) of clause (7) of article 1 of the present decision.
- 6- The annual audited reports on its activities for the last three years along with the relevant balance sheets.

## **Section 2: Annual Statements**

**Article 3:** Lebanese financial intermediation institutions are requested to provide the Capital Markets Authority at the nearest following the convening of its annual general assemblies and before September 30 of every year at the latest, with three copies, one of which is an original copy duly signed, of the following documents:

- 1- Annual report of the board of directors submitted to the annual ordinary general assembly of the shareholders.
- 2- Annual report of the auditors submitted to the same assembly and organized in accordance with article 175 of the Commercial Code.



- 3- Special report of the board of directors submitted to the general assembly in accordance with article 158 of the Commercial Code, provided that it contains, inter alia:
  - Presentation of the method of execution of the previously concluded agreements with the members of the board of directors.
  - Comprehensive presentation of the agreements which conclusion is required to be licensed.
- 4- Special report of auditors stipulated in article 158 of the Commercial Code.
- 5- Minutes of the annual ordinary general assembly and its attendance sheet provided that they are certified by the Trade Register in the event that the members of the board of directors in the said assembly were elected.
- 6- When necessary, minutes of the meeting of the board of directors if the same contains the election of the chairman of the board or the confirmation or appointment of the Assistant General Manager for the Chairman, certified by the Trade Register.
- 7- List signed by the chairman of the board of directors with the name of the chairman and members of the board of directors for the current year, the names of major shareholders, names of the General Manager, managers and assistant managers, including the following information:
  - Name, surname and nationality of each.
  - All types of companies in which any of them participates or chairs while showing the type of such companies and the type of relationship linking him to the same (chairman of the board of directors – member of the board of directors – manager – major shareholder – acting partner – etc...)
- 8- When legally available, the judicial record, for each of the members of the board of directors, managers and auditors of the business of the institution issued in the last three months.

**Article 4:** Foreign financial intermediation institutions are required to provide the Capital Markets Authority before September 30 of every year at the latest, with the following documents:

- 1- Two copies of the annual circular issued by the head office and including the report of the board of directors, the balance sheet, the decisions of the general assembly and other information.
- 2- Two copies of its decision of appointment of an auditor for its branch in Lebanon.
- 3- When legally available, one copy of the judicial record for each of its representatives, managers and auditors of the business thereof issued in the last three months.

**Article 5:** Financial intermediation institutions should send a copy of their financial statements (assets – liabilities – outside the budget) organized according to form 2010 and to annex 2020 enclosed with the basic decision No. 7723 dated December 2, 2000, issued by the Central Bank of Lebanon, to be delivered to the Capital Markets Authority on a compact disk (CD):

- Monthly within ten days from the end date of such statements.
- Annually, within six months from the date of end of the financial cycle.



### **Section 3: Miscellaneous**

**Article 6:** In compliance with the provisions of law No. 234 dated June 10, 2000, and the provisions of article 5 of decision No. 6213 dated June 28, 1996, issued by the Central Bank of Lebanon, the provisions of the statute of opening and closing of branches for banks operating in Lebanon and specification of the allocations imposed on head offices and branches enclosed with the basic decision No. 7147 dated November 5, 1998, issued by the Central Bank of Lebanon, shall be implemented on the branches of financial intermediation institutions.

**Article 7:** The financial intermediation institution licensed to be established by the Capital Markets Authority should complete the formalities of its establishment and start its activities within six months from the license issuance date, under penalty of having its license withdrawn.

**Article 8:** Financial intermediation institutions should abide by the provisions of law No. 318 dated April 20, 2001, (fighting money laundering) and the organizational texts issued in this concern.

**Article 9:** The financial intermediation institution must clearly and publicly display the decision of its listing on the list of financial intermediation institutions at its head office and each of its branches.

**Article 10:** Whoever violates the provisions of this decision shall incur the administrative sanctions mentioned in the applicable laws and regulations especially those stipulated in law No. 161 dated August 17, 2011, on capital markets.

**Article 11:** This decision shall come into force as of January 2, 2014.

**Article 12:** This decision shall be published in the Official Gazette.

Beirut on December 3, 2013  
Chairman of the Capital Markets Authority /  
Governor of the Central Bank of Lebanon

Riad Toufic Salameh  
(Signature)