

Announcement no 24

On amending the Business Conduct regulation in Capital Markets- Series 3000
And the repeal of Decision no 12 taken on February 10, 2014 (on Regulations on
Financial Derivative Transactions)

And Decision no 23 taken on January 12, 2017 (on Account Segregation and Custody
Services)

And Decision no 17 taken on March 9, 2015 (on “Know Your Customer” model)

And Decision no 18 taken on August 31, 2015 (on Auditors)

And Decision no 20 taken on February 22, 2016 (on Filing a complaint)

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

Pursuant to the decision of the Capital Markets Authority’s Board no 6/4/17 taken in its
meeting held on March 6, 2017,

Pursuant to the decision of the Capital Markets Authority’s Board no 16/9/17 taken in its
meeting held on July 3, 2017,

Pursuant to the decision of the Capital Markets Authority’s Board no 30/11/17 taken in its
meeting held on August 21, 2017,

Pursuant to the decision of the Capital Markets Authority’s Board no 15/17/17 taken in its
meeting held on December 18, 2017,

Pursuant to the decision of the Capital Markets Authority’s Board no 15/3/18 taken in its
meeting held on March 5, 2018,

And upon Announcement no 22 issued on June 20, 2017 by the CMA and related to the
scope of implementation of the implementing regulations and decisions issued by the
Authority,

We inform you of the following:

First: The Business Conduct regulation in Capital Markets- Series 3000 whereas:

1- Paragraph (3) was added to Article 3308 related to mandate over client accounts,
and here below is the text:

“An approved institution is prohibited from obtaining a mandate from any client to
manage his personal trading accounts, by giving instructions to other approved
institutions, in Lebanon or abroad, to trade securities for the client’s account opened
with those institutions. Shall be excluded from this prohibition the approved



institution managing the trading accounts opened therein, and owned by its clients in Lebanon, pursuant to an agreement for discretionary management of these accounts.

Any legal or natural person is also prohibited from obtaining a mandate from more than one client to manage his personal trading accounts opened with an approved institution, in Lebanon or abroad. This prohibition does not apply to a natural person mandated by the members of his family, such as ascendants, descendants, spouse and siblings to manage their personal trading accounts.”

- 2- Paragraph (2) of Article 3317 related to the transmission of reports to clients was canceled, and paragraph (3) was added to Article 3521 related to the Clients Accounts Statements, and here below is the text:

“An approved institution shall send the client a copy of his account statement showing his portfolio and all transactions he made, by a monthly notification sent to the postal address he identified, and continuously updated by the compliance department/ any competent entity at the approved institution.

The client maintains his right to challenge any transaction or document within two weeks from the notification date.

The approved institution, through its compliance department, shall:

- Ascertain that the notification was sent to the client according to the above
- Have the client sign his portfolio at least once a year.

- 3- Paragraph (1) of Article 3208 related to Anti-Money Laundering, as well as paragraph (1) of Article 3306 related to Anti-Money Laundering and Terrorism Financing were amended after Law no 318 issued in 2001, and mentioned in above mentioned paragraphs, was replaced by law no 44 issued on 24/11/2015.

- 4- Decision no 23 taken on January 12, 2017 (on Account Segregation and Custody Services) was repealed after:

- a- Paragraph (2) of Article 3513 related to Segregating the Client Account from the Approved Institution Account was canceled and replaced with the following text:

“If client assets are recorded in an account with a custodian or with a foreign custodian, the approved institution must ensure that the custodian abides by the following conditions:



- Assets deposited in accounts belonging to clients of the approved institution shall only be pooled after obtaining the client's explicit written approval,
 - Joint assets accounts between the approved institution and its clients shall not be opened, knowing that the custodian has to segregate the assets account of the approved institution from that of the approved institution's clients, so as to make it clear in the title of the account that the client asset belongs to one or more clients of the approved institution. The latter shall also record the assets account belonging to those clients outside its own budget."
- b- Paragraph (2) of Article 3514 related to the Registration of Clients Assets was canceled and replaced with the following text:
"An approved institution must hold a document of title to a client asset in its physical possession, or hold the asset in an account designated for client assets, with a custodian or a foreign custodian that could have a credit rating or not."
- c- Paragraph (1) of Article 3515 related to the Use of Foreign Custodians was canceled and replaced with the following text:
"An approved institution must not hold client assets with a foreign custodian or a secondary foreign custodian except after notifying the client in writing of the name of the foreign custodian or secondary foreign custodian with which the client's assets would be held".
- d- Paragraphs (3) and (4) of Article 3517 related to the Assessment and Responsibility for the Selection of the Custodian were canceled, and paragraph (2) of the same article was replaced with the following text:
"An approved institution must undertake a risk assessment, and show due diligence, prior to recommending or deciding to hold client assets with a custodian, or a foreign custodian or a secondary foreign custodian, to ensure that the custodian, the foreign custodian or the secondary foreign custodian has adequate arrangements to safeguard the assets in place with the custodian, the foreign custodian or the secondary foreign custodian, and is subject to appropriate standards of regulatory oversight.

An approved institution must conduct a new risk assessment of the custodian, the foreign custodian or the secondary foreign custodian that holds client assets whenever an adverse material change occurs at the custodian."



- e- Paragraphs (h) and (k) of Article 3518 related to Client Agreements were canceled and replaced with the following text:
 - “(h) - The information to be provided to the client about client assets being held with the approved institution, and means of notifying the client thereof.”
 - “(k) - Whether the client's assets will be pooled with the assets of other clients, subject to the prior written and explicit consent of the client, and, if so, an explanation of the effect of that pooling.”

- f- Paragraph (f) was added to Article 3519 related to the Custodian Agreement, and here below is the text:
 - “The custodian shall notify the approved institution of its intention of appointing a secondary custodian (such notification shall include the name of the secondary custodian name, address, contact information and its applicable bylaws).”

- g- Paragraph (1) of Article 3520 related to Reconciliations was amended, the word “weekly” was replaced with the word “monthly” thus, the paragraph reads now as follows:
 - “At least monthly, an approved institution must reconcile its record of client assets with statements from Midclear, other custodians and (if applicable) foreign custodians, as well as with statements from any other person that maintains a record of entitlement of client assets.”

- 5- Some articles of Decision no 10 taken on January 9, 2014 and related to Financial Intermediation Institutions, were canceled as follows:
 - a- Paragraph (3) of Article 2 of Decision no10 was canceled after the text of paragraph (b) of same article was added to paragraph (5) of Article 3506 of the Business Conduct Regulation in Capital Markets, and here below is the text:
 - “The approved institution may execute, at its clients’ request in favor of third parties in Lebanon or abroad, foreign or domestic, outgoing or incoming transfers, provided that any transfer amount is not in excess of USD /1,500/.”

 - b- Article 7 of Decision no 10 was canceled after it was added to Article 3012 of the Business Conduct Regulation in Capital Markets, and here below is the text:
 - “(1) The CMA is entitled to issue recommendations and instructions and to use any other means that ensure that the financial intermediation institution operates in a sound manner.



Financial intermediation institutions must comply with the recommendations and instructions issued by the CMA.

c- Article 9 of Decision no 10 was canceled after:

- Paragraph (3) of Article 9 of the above mentioned decision was added to Article 3002 of the Business Conduct Regulation in Capital Markets, and related to the Obligations of Approved Institutions, and here below is the text:

“(i) Publish, regarding their operations and accounts, periodical statements and positions that reflect accurately their situation”.

- Paragraph (5) of Article 9 of the above mentioned decision was added to Article 3521 of the Business Conduct Regulation in Capital Markets, and related to the Client Account Statements after the expression “introducing brokers” was removed, and here below is the text:

“(1) An approved institution must provide each client with a certified account statement as of the end of every month, except if no activity has taken place in the account, in such case a statement must be provided to the client at least every 3 months.

The responsibility of providing clients with statements of accounts shall be restrained to an autonomous body that is independent from the Front Office.

- Paragraph (1) of Article 3406 of the Business Conduct Regulation in Capital Markets was replaced with the following text:

“(1) An approved institution shall:

- a- not make or receive any telephone call with actual or potential clients related to securities transactions (including orders to execute instructions, advice provided by the institution to clients, as well as all deliberations, discussions and negotiations made on the phone and related to these transactions), unless such phone call is recorded.
- b- Disclose to its actual or potential clients that it is recording the phone calls related to securities transactions.
- c- Keep the recordings of the phone calls related to securities transactions for a period of ten years after the phone call date. If the phone call is related to a conflict arising with a client or to an official investigation, the recording shall be kept until settlement of the conflict or end of the investigation.
- d- In case the transaction is made through Bloomberg Terminal, a copy of the entire conversation having taken place through that platform shall be



kept for a period of ten years after the conversation date, provided that the record includes a narrative of all the details of the transaction and the way it was completed.

e- Take into consideration the fact that the concept of client according to this article includes:

- Individuals
- Enterprises or companies
- Counterparty
- Any other party

- Paragraph (1) of Article 3215 related to the Business Continuity Plan was modified as to read as follows:

“An approved institution must have in place an appropriate business continuity plan that reflects the nature, scale and complexity of its business to ensure that it can continue to carry on its business operations and meet its obligations under the Law and the Regulations in the event of an unforeseen interruption in its operations. Such plan shall include the information required according to items “c” and “d” of paragraph (1) of below mentioned Article 3406, so as to ensure the retrieval of such information in case of natural or technical disasters”.

- Paragraph (4) was added to Article 3310 of the Business Conduct Regulation in Capital Markets, and here below is the text:

“(4) The approved institutions shall ensure that a sound and periodic (at least once a year) assessment is undertaken by an independent body (which reduces or avoids a potential conflict of interest), of all private offering securities (offers of private shares and compound products) registered in the clients’ portfolios, and in the related portfolios accounts of the institution. Approved institutions shall also ensure that the value of these securities is reflected/ recorded according to such assessment in all clients’ statements and related portfolios accounts of the institution. The securities subject to private offering shall be clearly identified and shown in the client’s statements, with an explicit text being added as to indicate the methodology followed in the assessment, as well as the body that undertook it and the date it was conducted.

In case the approved institution is unable to obtain a sound and fair assessment, it should refrain, until obtaining such assessment, from:



- Pricing the above mentioned shares in its clients' accounts statements, and replacing the market value previously used for pricing with the expression "not available".
- Collecting the deposit fees related to shares from the clients."

d- Article 10 of Decision no 10 was canceled after a new article 3322 and related to the recording and implementation of the approved institutions' transactions was added to Part D of the Business Conduct Regulation in Capital Markets, and here below is the text:

"(1) Approved institutions must record and describe their operations in a clear and precise manner, and the following information should be readily available in detail on a daily basis and at any time:

- 1- In regards to the operations conducted on behalf of their clients:
 - a- The full name, and address of each client, and personal number allocated to him/her.
 - b- The exact execution date of each operation and its serial number.
 - c- The quantity, nature, price and number of financial instruments purchased or sold.

Each client must have a personal reference number that, in no circumstances, can be given, to another client, even if the relationship between the client in question and the approved institution has been terminated. The client may not be assigned more than one number.

2- In regards to the operations conducted for their own account:

The exact execution date of each operation and its serial number, in addition to the quantity, nature, price and number of financial instruments purchased or sold."

e- Article 17 of Decision no 10 was canceled after paragraph (b) thereof was added to paragraph (3) of Article 3101 of the Business Conduct Regulation in Capital Markets, and here below is the text:

"Approved institutions must, in particular, submit to the CMA all required information, documents, statistics and accounting statements, for the purpose of implementing the laws and regulations, in accordance with the conditions, forms and time limits set by the CMA."

f- Article 18 of Decision no 10 was canceled after Part H was added to the Business Conduct Regulation in Capital Markets, related to the enforcement of this



regulation's provisions, and Article 3701 was incorporated in this Part, and here below is the text:

“(1) This regulation enters into force upon its publication in the Official Gazette. The Capital Markets Authority can impose administrative sanctions on any party that violates the provisions of this regulation, in conformity with the sanctions imposed according to Law no 160 or Law no 161 issued on 17/8/2011.”

- 6- Decision no 12 taken on February 10, 2014 (on Regulations on Financial Derivative Transactions), notably after item “e” of paragraph (1) of Article 3602 below was amended so as Part G was added to the Business Conduct Regulation in Capital Markets, related to Regulations on Financial Derivative Transactions including articles 3601 to 3603, the texts thereof here below:

“3601- Conducting Transactions with a Correspondent

- (1) The approved institution is prohibited from performing, for its own account or on behalf of its clients, a transaction on financial derivatives or an Off- Exchange Retail Forex transaction with a correspondent, except when the latter is:
- a- A party that carries out activities in the United States or is a resident of the United States, on condition that it is a member of the National Futures Association (NFA) and licensed by the Commodity Futures Trading Commission (CFTC).
 - b- A party that carries out its activities outside the United States or is not a resident of the United States, on condition that this party is licensed to trade in financial derivatives by the relevant regulatory authorities in countries with a sovereign rating of “Investment Grade” and above, in accordance with the ratings of Standard and Poors or with similar ratings adopted by other international rating agencies.

3602- The approved institution's obligations when dealing with a Correspondent.

(1) The approved institution

- a- Confirm, pursuant to clients' orders, all transactions performed for clients with correspondents, including those related to financial instruments and derivatives, listed or unlisted in the regulated financial markets, with the exception of trading transactions with its clients as principal agents.
- b- Require the client to pay the whole premium on long option contracts.



- c- Require the client to deposit an initial margin when opening a position for financial derivatives, on condition that the said position is revalued daily, one time at least.
- d- Require the client to rebuild the initial monetary margin when the account balance drops to the maintenance margin level, which shall be no less than 75% of the initial margin. In case of the client's refusal, the approved institution shall liquidate immediately enough positions as to cover the equivalent of the value of the account balance that dropped below the required margin. The institution shall inform the client in advance of followed principles for the selection of positions to be closed in such event (e.g. FIFO or LIFO)
- e- Pay the margins to the correspondents on a net position basis in open positions, provided the approved institution commits to establish the monetary margins required from the clients and record them in its books on the basis of the overall open positions for each long or short position separately, knowing that clearing long positions with short positions is prohibited.
- f- Determine the initial and maintenance margins for the positions held on financial derivatives, listed or unlisted in the regulated financial markets, including those held through an electronic platform, in the following manner:
 - 1- Concerning transactions on currencies or raw material, or metals or other goods:
 - Initial margin: 20% of the transactions contractual value
 - Maintenance margin: 75% of the initial margin
 - 2- Concerning futures contracts: with the exception of transactions on currencies or raw material, or metals or other goods on which the margins mentioned in item (1) above apply, for each long or short position, margins must be no less than the margin required from the correspondent or the margin required from the concerned stock exchange, whichever is higher.
 - 3- Concerning short options: with the exception of transactions on currencies or raw material, or metals or other goods on which the margins mentioned in item (1) above apply, margins must be no less than the margin required from the correspondent and the margin



required from the concerned stock exchange, whichever is higher, until the liquidation or maturity date of the concerned short option. A guarantee formed of underlying assets may be given, on condition that it can be liquidated immediately in case of a sell call option.

4- Monetary margins do not apply on short options positions in case there are underlying assets in the client's portfolio with the approved institution.

g- Determine the initial and maintenance margins for the positions held on listed and unlisted financial derivatives in regulated and unregulated markets, so that these margins are no less than the amount required from the correspondent.

3603- Restrictions on the approved institution when dealing with a Correspondent:

(1) The approved institution is prohibited from:

- a- Using any client's credit account in its own interests or in the interest of another client.
- b- Granting facilities to finance the margins mentioned in these Regulations or to cover any shortage therein."

7- Decision No 20 taken on February 20, 2016 (on Filing a complaint) was canceled after:

- Paragraphs (1) to (5) were added to Article 3320 of the Business Conduct Regulation in Capital Markets, related to Client's Complaints, and here below are the texts thereof:

"(1) The CMA Board shall receive complaints about all matters falling within its competence according to the Law No 161 dated 17/8/2011 on the capital markets.

(2) There shall be no complaint filed at the Capital Markets Authority before the complainant had first communicated with the party against which he is filing the complaint. He has to submit to the Capital Markets Authority a proof that such communication has taken place, and that despite intensive efforts there has been no settlement of the dispute, nor he had received any reply within a period of 60 days from the date the concerned party received the communication.



- (3) A complaint form attached to this decision and published on the CMA website is used to file complaints. The complaint must be based, at the risk of being rejected, on a precise violation confirmed by written documents supporting the complaint filed at the Capital Markets Authority.
- (4) The Capital Markets Authority examines the complaints, conducts necessary investigation, and takes appropriate decisions when need be, in accordance with applicable laws and regulations; when the review is done, the Capital Markets Authority informs the complainant in writing. The Capital Markets Authority reserves the right to inform the complainant or any other party about the results of its investigations or the decisions that may be taken in this regard if appropriate. In reviewing the complaint, the role of the Capital Markets Authority is limited to checking for and dealing with violations of the laws and regulations falling within its competences. The Capital Markets Authority is not the entity authorized to compensate the complainant for any damage which may be incurred as a result of the violation.
- (5) The Capital Markets Authority reserves the right to take all legal and administrative measures stipulated in Law No. 161 dated 17/8/2011 on the capital markets. However, having filed a complaint at the Capital Markets Authority does not prevent the complainant from taking any legal action that he deems appropriate to protect his rights.”
- 8- Annex 9 hereto attached and related to the complaint form was added to the annexes attached to the Business Conduct Regulations in Capital Markets.
- 9- Decision no 18 taken on August 31, 2015 and related to Auditors was canceled after:
- Paragraphs (2) to (5) were added to Article 3210 of the Business Conduct Regulations in Capital Markets, and here below are the texts thereof:
“(2) The provisions of this decision shall apply to the auditors of enterprises and authorities carrying out activities associated with securities in Lebanon on behalf of their customers and/or for their own account, according to articles (1) and (2) of Law no 161 dated 17/8/2011 (on capital markets).



(3) Enterprises and authorities carrying out activities associated with securities in Lebanon on behalf of their customers and/or for their own account shall order their accredited auditors to include in their audited financial reports, provided for in Article 44 of Law no 161 dated 17/8/2011 (on capital markets), information about activities related to securities mentioned in the annex attached to this Decision at a minimum.

(4) Auditors of the above mentioned enterprises and authorities shall provide the Financial Control Unit on capital markets with the reports, documents and information that it may request while conducting its auditing functions over activities associated with securities, according to the applicable laws and regulations.

(5) Auditors of the above mentioned enterprises and authorities shall complete the above mentioned reports with further audit or analysis of the transactions conducted by such enterprises and authorities on activities associated with securities, and that could be directly requested by the Control Unit, as to ensure the adherence of these enterprises and authorities to the applicable laws and regulations.

- Annex 8, hereto attached and related to auditors reports, was added to the annexes attached to the Business Conduct Regulations in capital markets.
- Annex 10, hereto attached and related to requirements that have to be met and that complete the market maker transactions as well as the transactions for providing liquidity at the best prices, were added to the annexes attached to the Business Conduct Regulations in capital markets.

Second: In the context of standardizing all the regulations and decisions issued by the Authority within an integrated series:

- Decision no 23 taken on January 12, 2017 (on Account Segregation and Custody Services) was canceled.
- Decision no 12, taken on February 10, 2014 (on Regulations on Financial Derivative Transactions) was canceled.
- Decision no 17 taken on March 9, 2015 (on Know Your Customer template) was canceled.



- Decision no 18 taken on August 31, 2015 (on Auditors) was canceled.
- Decision no 20 taken on February 22, 2016 (on Filing Complaints).
- The Business Conduct regulation in capital markets- Series 3000 and related annexes were enclosed, after being amended according to paragraph “First” above.

Third: This announcement shall enter in force upon its publication in the Official Gazette.

Beirut, March 12, 2018
Chairman of the CMA/
Governor of the Central Bank of Lebanon
Riad Salame

Annex 8

1- Annual report on financial statements

- a- Include copies of the budget and extra budgetary transactions on a comparative basis between the fiscal year subject matter of the report and the previous fiscal year.



- b- Present the profit and loss account on a comparative basis between the fiscal year subject matter of the report and the previous fiscal year.
- c- Provide a detailed explanation of the control procedures followed for each item of the budgetary and extra budgetary transactions, and for the profits and losses accounts.
- d- Present in a clear and adequate manner the following:
 - 1- The value of credits granted to finance margins on transactions, if any, and reclassify these credits in positions intended for publication and notification so they could reflect the actual figures.
 - 2- The doubtful debts, the provisions constituted and the unrealized interests related to each of these debts, if any.
 - 3- The credit and debtor accounts with the units of the other group, if any, on a gross and not on a net basis.
 - 4- Extra budgetary transactions.
- e- Indicate expressly that the following has been verified:
 - 1- Whether the clients' accounts are segregated from the institution's accounts (Off-balance sheet).
 - 2- Whether the clients' accounts are deposited with correspondents in one omnibus account, or in accounts segregated from each other and from the institution's accounts,
 - 3- Audit the operations of the middle office, and the extent to which it abides by the applicable circulars in order to see whether the daily losses limit of 20% of the basic private funds is exceeded (according to Annex 10 of the Capital Markets Authority).
 - 4- Audit the operations of the middle office, and the extent to which it abides by the applicable circulars in order to see whether the losses limit of 20% of the basic private funds is exceeded (according to Annex 10 of the Capital Markets Authority).
 - 5- Audit the notional value of open positions and compare them with the basic private funds (according to Annex 10 of the Capital Markets Authority).
- f- Ensure that positions intended for publication and notification reflect accurately the figures included in the final positions submitted to the Capital Markets Authority, and that they show clearly the conclusions reached after the followed procedures.
- g- Mention the gross minimum amounts (materiality) adopted in the audits of the budgetary and extra budgetary accounts as well as the revenues and charges accounts.



- h- Mention the nature and volume of all the corrective entries, and the reclassification that was conducted and the amounts of which exceed the thresholds for materiality degrees.
 - i- Auditors should expressly indicate to what extent the institution abides by the accounting rules and principles followed in recording the budgetary and extra budgetary transactions as well as the revenues and charges, and show any change that occurs in the rules followed in the previous financial cycle if any, and the effect thereof on the compared figures and adopted criteria.
 - j- Expressly indicate that the accuracy of the figures mentioned in the accounts statements has been verified.
 - k- Give an opinion about the financial statements and the results of the institution's transactions according to the followed accounting rules, and clearly indicate that the audits were conducted according to the agreed upon accounting control rules, this being done in the paragraph that includes the definition of the audit scope.
 - l- In case of reservations, auditors should include in their qualified opinion an exhaustive explanation of the grounds for such an opinion and their consequences on the financial situation and the results of exchange activities.
 - m- Auditors shall submit their observations about the weaknesses of the internal control system in force (related exclusively to activities in financial instruments and securities) in the institution, as well as the importance and effects of these weaknesses on the present and future activities of the institution.
 - n- Proposals and recommendations submitted by the auditors to strengthen the internal control system (related exclusively to activities in financial instruments and securities), and to overcome actual and potential problems.
 - o- Present the views of the institution's management towards these weaknesses and their reply thereto.
- 2- The auditors' report provided for in article 152 and in paragraph (3) of article 187 of the Code of Money and Credit.
- a- Indicate that they have verified all relations and agreements between the institution and its Board's members, and between the institution and other institutions related to Board's members, according to the principles provided for in Article 158 of the Code of Commerce.
 - b- Give an opinion about the statements that are submitted in terms of their legality, when necessary.
 - c- Ensure that all credits subject to articles 152 and 187 of the Code of Money and Credit are included in the concerned report.



d- Mention in an exhaustive manner the nature and kind of relationships and transactions that exist between the institution and all the relevant units of the group.

3- Other requirements

- a- Inform the Capital Markets Authority immediately about the following:
 - 1- Any constraints or pressures they encounter when fulfilling their duties.
 - 2- Any infringements that should be immediately notified by virtue of laws, regulations and circulars, and those infringements auditors believe they have the professional obligation to notify them to the Authority.
- b- Pursuant to article 174 of the Code of Commerce, the Authority draws the attention of the Auditors to the fact that the audit scope encompasses the institution's activities for the whole fiscal year, and not only by the date of auditing the annual accounts.
- c- Verify the information technology systems for conducting financial intermediation activities; prepare the reports on procedures that could lead to increase fraud or error risks, in particular when there is a possibility for an individual abuse of the control system or for fraudulent transactions that cannot be revealed given the development and complications of the IT systems or their absence.
- d- Auditors shall keep all papers, documents and justifications of auditing activities in banks, financial institutions and intermediation institutions and submit them to the CMA upon its request.

Annex 9

Template for filing a complaint

If the Complainant is a natural person	
Name:	
Date of Birth:	
Number of ID:	



Nationality:	
Postal Address:	
E-mail Address:	
Phone Number:	
Mobile Phone Number:	
Profession:	
If the Complainant is a legal person	
Name:	
Number of Registration:	
Registered Address:	
Country of Registration:	
Phone Number:	
Fax Number:	
Name and capacity of the company Representative:	
If a lawyer/third person is assigned	
Name and capacity:	
Postal address:	
Office phone number:	
Office fax number:	
Mobile phone number:	
E-mail address:	
Institution concerned by the complaint	
Name of the institution concerned by the complaint:	
Product or service concerned by the complaint:	
Registered address:	
Country of Registration:	
Phone Number:	
Fax Number:	
Name and capacity of the Representative:	

Subject of the Complaint
Describe the complaints facts and dates, and specify the violation as well as the violated legal text in your opinion as complainant:



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Documents to be attached to your complaints

1- Prior letter, fax or email that you have addressed to the management of the concerned institution.

2- Copy of the answer of the institution, if available, and the indication of the reason why the Institution's answer is satisfactory. Please mention if you did not obtain an answer from the institution.

3- Copy of a document showing your capacity (Extract of Individual Civil Registry Record/ID Card/Passport/A valid copy of an official document showing the capacity of the representative, if the complainant is a legal person).

4- Copy of the power of attorney by the notary to the lawyer or third person.

Signature of the Complainant or Representative

Annex 10

Requirements that should be met and that complete the Market Maker transactions and the Liquidity Provider transactions at the best price

1- Quantitative Requirements

- a- The daily losses resulting from speculations shall not exceed 20% of the basic private funds, provided that the total of accrued losses does not exceed, at any time, 20% of the basic private funds.



- b- In case the losses exceed 20% of the basic private funds, the institution shall either liquidate this excess on the next business day if it is unable to do so on the same day, or deposit a special reserve in Lebanese Pounds equivalent to the amount of this excess.
- c- The Notional value of open positions shall not be higher than the private basic funds, after deducting:
 - The shortage of provisions and the elements of Article 153 of the Code of Money and Credit, and infringement of provisions of Article 152 of the Code of Money and Credit regarding financial institutions.
 - The shortage of provisions regarding financial intermediation institutions.
- d- Calculate the number of authorized open positions in a way that the notional value of these positions does not exceed, at any time, the private basic funds.
- e- Calculate the notional value on the basis of the total open positions (x) the notional value of open positions (x) the entry price to these positions, according to the following equation:

$$\sum_{i=1}^n (Q_i \times N_i \times P_i)$$

Qi= Number of open positions for each type of contract

Ni= Notional value of each open position

Pi= Entry price for each contract

2- Qualitative requirements:

- a- Establish a Risk Committee according to the provisions of the Basic Decision no 9956 dated 21/7/2008.
- b- Establish a risk management unit in accordance with regulations and circulars issued in this regard, that would undertake the following:
 - Draft a public policy for risk management and identify the financial instruments and derivatives as well as the acceptable transactions that could be conducted by the financial institution or the financial intermediation institution.
 - Determine the acceptable risk limits for all positions and securities (daily, weekly, monthly and yearly limits...)
 - Establish a documented methodology for the management of open positions and reducing their risks provided this methodology is periodically revised by the Risks Committee.
- c- Adopt systems for measuring risks and pricing financial instruments and derivatives.
- d- In addition to the front office and the back office, establish a middle office that would be tasked with the daily control of all positions, and verify the extent to which the set limits and margins are observed.
- e- Abide by the provisions of the Basic Decision no 7737 dated 15/12/2000 issued by Banque du Liban, with regards to assessing the efficiency of internal control systems and procedures in reducing risks.

