

Announcement No 35

On the amendment of the Licensing and Registration Regulation in the Capital Markets- Series 2000

Pursuant to the Law No 161 dated 17/8/2011 on Capital Markets,
Pursuant to the decision of the Capital Markets Authority's Board No17/6/2018 taken in its meeting held on 21/5/2018,

We inform you of the following:

First:

The "Internal Audit Unit" function was added to the registrable functions related to the financial activity to be registered with the Capital Markets Authority upon the successful completion of the qualification examinations determined for it,

Hence,

Paragraph (1) of Article 2402 Part "E" of the Licensing and Registration Regulation related to the Registrable functions was amended to read the following:

- 1- The approved institution is prohibited to appoint any person not registered with the Authority to fulfill any of the following functions:
 - i) CEO, Managing Director or General Manager – the person who has ultimate responsibility for the management of an approved institution's business.
 - ii) Senior Executive Officer – a person who has ultimate responsibility for one or more parts of an approved institution's business.
 - iii) Director – a person who is a director on the governing body of an approved institution.
 - iv) Finance Officer – the person who has ultimate responsibility for an approved institution's financial administration and controls and for compliance with prudential and capital requirements.
 - v) Head of Compliance – the person who is responsible for compliance matters related to an approved institution's business.
 - vi) Anti-Money Laundering Reporting Officer – the person who is responsible for the implementation of an approved institution's anti-money laundering policies and procedures.
 - vii) Risk Management Officer – the person who is responsible for the design and implementation of an approved institution's risk management policies and procedures.



viii) Internal Audit Officer - The person responsible for monitoring the adequacy and effectiveness of the systems and controls of the Approved institution, evaluating the internal controls, risk management policies and procedures, and reviewing the financial statements and the records of the Approved institution

ix) Senior Manager – any person who is responsible in whole or in part for the management, supervision or control of one or more parts of an approved institution’s business or administration.

x) Client Representative – any person whose functions include dealing with clients of an approved institution’s securities business, including sales representatives, investment advisors, portfolio managers and corporate finance professionals, as prescribed by the Authority.

xi) Trader – any person who deals in securities as agent for clients or for an approved institution as principal.

xi) Trader – any person who deals in securities as agent for clients or for an approved institution as principal.

2 - The Annex 5 of the Licensing and Registration Regulation related to Registrable functions and prescribed qualification examinations was amended to read the following:



Annex 5

Registrable functions and prescribed qualification examinations

The Authority has designated the following functions as requiring registration under article 2402. Registered persons must perform all such functions.

1. CEO, Managing Director or General Manager – the person who has ultimate responsibility for the management of an approved institution's business.

2. Senior Executive Officer – a person who has ultimate responsibility for one or more parts of an approved institution's business or administration.

3. Director – a person who is a director on the governing body of an approved institution.

4. Finance Officer – the person who has ultimate responsibility for an approved institution's financial administration and controls and for compliance with the Prudential Regulation.

5. Head of Compliance – the person who is responsible for compliance matters related to an approved institution's business.

6. Anti-Money Laundering Reporting Officer – the person who is responsible for the implementation of an approved institution's anti- money laundering policies and procedures.

7. Risk Management Officer– the person who is responsible for the design and implementation of an approved institution's risk management policies and procedures.

8- Internal Audit Officer - The person responsible for monitoring the adequacy and effectiveness of the systems and controls of the Approved institution, evaluating the internal controls, risk management policies and procedures, and reviewing the financial statements and the records of the Approved institution.

9. Senior Manager – any person who is responsible in whole or in part for the management, supervision or control of one or more parts of an approved institution's business or administration

10. Client Representative (in charge of the client's account)– any person whose functions include dealing with clients of an approved institution regarding securities business, including sales representatives, investment advisors, portfolio managers and corporate finance professionals, as prescribed by the Authority.

11. Trader – any person who deals in securities from the client's account or from the approved institution' s account.

In order to qualify for registration, an applicant must have passed the qualification examinations listed below



	Function	Qualification Examinations
1.	<u>CEO</u> , Managing Director	Securities exam Business conduct exam
2.	Senior Executive Officer: including heads of main departments or divisions	Securities exam Derivatives exam Business conduct exam
3.	Director	Securities exam Business conduct exam
4.	Finance Officer	Securities exam Business conduct exam
5.	Compliance Officer	Business conduct exam Securities exam Derivatives exam
6.	Anti-Money Laundering (AML) Officer	Business conduct exam Securities exam
7.	Head of Risk management department	Securities exam Derivatives exam Business conduct exam
8.	Internal Audit Officer	Securities exam Derivatives Exam Business conduct exam
9.	Senior Manager: including heads of business lines or product areas	Securities exam Derivatives exam Business conduct exam



10.	Client representative: <ul style="list-style-type: none">-Account representative- Sales representative or broker- Investment manager- Investment funds manager- Portfolio manager – discretionary- Portfolio manager – non- discretionary- Investment advisor- Asset manager- Investment banking or corporate finance manager/officer- Research analyst or manager- Securities product analyst or manager	Securities exam Derivatives exam Business conduct exam
11.	Trader	Securities exam Derivatives exam Business conduct exam

Second: Paragraph (2) in Article 2409 of Part “E” of the Licensing and Registration Series 6000 related to Exemptions has been amended in order to exempt persons who have accumulated a minimum of 15 years in the financial securities business up until the issuance of this regulation related to the prescribed qualification examinations as set by the regulation, to read as follows:

(1)...Persons with a minimum 15 years of experience related to Operations on Financial Instruments prior to the issuance of the present Regulations. (In calculating the length of this experience, vacations exceeding 60 continuous days should be excluded)

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

Beirut, May 29, 2018

Chairman of the CMA/
Governor of Banque du Liban
Riad Toufic Salame