CAPITAL MARKETS AUTHORITY

Announcement No. 65
On the amendment of the Licensing and Registration Regulation Series 2000 and
the Regulation of Offers of Securities Series 6000

Pursuant to Law No. 161 dated 17/08/2011 on Capital Markets,
Pursuant to the decisions of the Board of the Capital Markets Authority No. 17/4/20 and No. 20/4/20 adopted in its meeting held on 03/03/2020 and No. 15/6/20 adopted in its meeting held on 19/05/2020,

We advise you of the following:

First : Sub-article (1) of Article 2103 of the Licensing and Registration Regulation related to securities business activities shall be amended as follows:

1- <u>Securities business activities</u> means carrying on the business of any of the following activities:

Dealing	- Dealing in or trading a <u>security</u> as principal or as agent - Selling, buying, or taking an order to sell or buy, a <u>security</u> - Uptaking the role of an <u>approved distribution agent</u> for a foreign <u>collective investment scheme</u>	Required Capital LBP 600 Million (USD 400,000)
	- Market maker or liquidity provider - Managing subscriptions for, distributing or underwriting <u>securities</u>. This license does not include arranging for a third party to provide client custody services which requires obtaining a license to carry out arranging services. This license does also not include carrying out custody services which require obtaining a custody license.	Required Capital LBP 1.5 Billion (USD 1,000,000)

Advising	- Providing suitable advice to another person on benefits and risks of his investment or dealing in any type of <u>securities</u> - Advising on exercising any right related to a <u>security</u> - Carrying out <u>securities</u> offerings, public or private placements - Providing financial advice including advising on: investments, dealing in <u>securities</u>, corporate finance matters, mergers, and acquisitions. This does not include taking orders from clients which requires obtaining a license to carry out dealing services.	Required Capital LBP 150 Million (USD 100,000)
Arranging	- Arranging transactions in relation to <u>securities business</u> - Introducing persons to transactions in <u>securities</u> - Acting to put together a transaction in a <u>security</u> - This includes arranging corporate finance deals, mergers and acquisitions deals, <u>securities</u> offerings, public or private placements - Arranging for a third party to provide custody services subject to the provisions of Series 3000, in particular articles 3515 and 3517 thereof Note: Arranging does not include Dealing (executing trades).	Required Capital LBP 300 Million (USD 200,000)
Managing	- Managing a <u>security</u> or a portfolio of <u>securities</u> for another person on a discretionary basis - This includes management of <u>collective investment schemes</u> (Additional requirements apply under the CIS Regulation)	Required Capital LBP 3 Billion (USD 2,000,000)

Custody	- Safeguarding assets for another person including securities - This includes client custody services, and administering rights, benefits and actions relating to a security - This includes acting as a custodian for a collective investment scheme. (Additional requirements apply under the CIS Regulation).	Required Capital LBP 6 Billion (USD 4,000,000)

Second: Paragraph 10 of the Application Form included in Annex 1 of the Licensing and Registration Regulation on the Categories of License shall be amended as follows:

Types of securities business applicants seek a license for (check all that apply)

Dealing	- Deals in or trades a security as principal - Deals in or trades a security as agent - Selling, buying, or taking an order to sell or buy, a security - Uptaking the role of an approved distribution agent for a foreign collective investment scheme - Market maker or liquidity provider - Managing subscriptions for or distributing securities or underwriting securities This license does not include arranging for a third party to provide client custody services which requires obtaining a license to carry out arranging services. This license does also not include carrying out custody services which require obtaining a custody license.
Advising	- Providing suitable advice to another person on benefits and risks of his investment or dealing in any type of securities - Advising on exercising any right related to a security - Carrying out securities offerings, public or private placements - Providing financial advice including advising on: investments, dealing in securities, corporate finance matters, mergers, and acquisitions. This does not include taking orders from clients which requires obtaining a license to carry out dealing services.

Arranging	- Arranging transactions relating to <u>securities business</u> - Introducing persons to transactions in <u>securities business</u> - Acting to put together a transaction in a <u>security</u> - This includes arranging corporate finance deals, mergers & acquisitions deals, <u>securities</u> offerings, public or private placements - Arranging for a third party to provide custody services subject to the provisions of Series 3000, in particular articles 3515 and 3517 thereof - Note: Arranging does not include Dealing (executing trades).
4- Managing	- Managing a <u>security</u> or a portfolio of <u>securities</u> for another person on a discretionary basis - This includes management of <u>collective investment schemes</u> (Additional requirements apply under the CIS Regulation)
5- Custody	- Safeguarding assets for another person, including <u>securities</u> - This includes client custody services, and administering rights, benefits and actions relating to a <u>security</u> - This includes acting as a custodian for a <u>collective investment scheme</u>. (Additional requirements apply under the CIS Regulation).

Third: A sub-article (2) shall be added to Article 2104 of the Licensing and Registration Regulation on securities business defined and shall read as follows:

2- An individual or company acting as a broker (Introducing Brokerage) to introduce investors to the <u>approved institution</u> shall not be considered as carrying out <u>securities business</u>. However, the <u>approved institution</u> shall do the following:

   A. Inform the Capital Markets Authority about the names of all companies and individuals acting as introducing brokers in favor of the institution;
   B. Clearly and fully disclose to clients all commissions received by such brokers from such transactions.

Fourth: Annex 6 of the Licensing and Registration Regulation on the comparison of license categories with activities under CMA Decision 10 (former BDL Circular No. 27) shall be canceled. Accordingly:

   1- Reference to Annex 6 in the Table of Contents shall be canceled;
   2- The number of Annex 7 on the Financial Institution Professional Indemnity (FIPI) shall be replaced with the number 6;
   3- Reference to Annex 7 shall be replaced with reference to Annex 6 in the Table of Contents and sub-article (7) of Article 2205 on Requirements for License.

Fifth: Sub-article (3) of Article 6202 of the Regulation of Offers of Securities on requirements for public offers shall be amended as follows:

(3) A public offer of securities may only be made through an approved institution that is licensed by the Authority to provide advising activities as defined in Series 2000.

Sixth: Paragraph 4(i) of Article 6302 of the Regulation of Offers of Securities on requirements for exempt offers shall be amended as follows:

i) through an approved institution that is licensed by the Authority to provide advising activities as defined in Series 2000.

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

> **Beirut, May 19th, 2020**
> **Chairman of the Capital Markets Authority/**
> **Governor of the Central Bank of Lebanon**
> **Riad Toufic Salame**
> **(Signed)**