

## CAPITAL MARKETS AUTHORITY

### Announcement No. 72

#### Addendum Amending the Licensing and Registration Regulation Series 2000

Pursuant to Law No. 161 dated 17/08/2011 on Capital Markets,  
Pursuant to the decision of the Board of the Capital Markets Authority No. 6/2/21 adopted in its meeting held on 23/03/2021,

We advise you of the following:

**First:** Sub Article (1) of Article 2205 on the Requirements for License shall be amended to become as follows:

“1- It must be demonstrated to the Authority that the applicant:

- i. Is fit and proper to carry on each type of securities business from which approval is sought,
- ii. Has sufficient expertise, experience and resources, including human, financial and technological resources, to carry on that securities business in accordance with the Regulations,
- iii. Has established a system and procedures that ensure the financial institution’s commitment to separate its assets from the assets of its clients in accordance with the provisions of Article 3505 of the Business Conduct Regulation Series 3000.
- iv. It has established sufficient systems, policies and procedures covering corporate governance, finance, risk management, compliance, operations and controls to enable it to meet and comply with its business and regulatory obligations for the kind of securities business that it proposes to carry on, and
- v. Its directors, senior management, employees and agents who will be involved in the applicant’s securities business have the necessary qualifications, skills, experience and integrity to enable it to carry on the kind of securities business that it proposes to carry on”.

**Second:** Sub Article (7) of Article 2205 on the Requirements for License shall be amended to become as follows:

“7- Insurance product of Financial Institution Professional Indemnity (FIPI)

- i. The applicant may choose to subscribe to the insurance product of Financial Institution Professional Indemnity (FIPI) that includes the coverage of the following risks; the insurance coverage amounts to two (2) billion Lebanese Pounds as a minimum (1.333 Million USD) or the equivalent of the required capital. The highest amount is then adopted.
  - 1- Incomplete transaction,
  - 2- Crime,
  - 3- Neglect (omission) and error.
- ii. If the applicant does not subscribe to the above-mentioned insurance product, the financial institution shall assume the full responsibility for the damages that may result in the absence of an insurance policy covering the risks mentioned in paragraph (i) above.

The approved institutions with a capital exceeding five billion Lebanese Pounds shall be exempted from the requirement of contribution to the above-mentioned insurance product.

The standardized definition and drafting of the above are detailed in Annex 6.

- iii. In addition to above mentioned insurance policy, it is recommended for any institution conducting securities business to have an insurance against the administrative liability of managers and staff that covers the legal fees and the damages incurred by managers and officials as a consequence of lawsuits filed against them for unlawful acts”.

**Third:** Sub Article (2) of Annex 3 (Notification requirements to the Authority) of the Licensing and Registration Regulation Series 2000 shall be amended as follows:

**“2- Changes in Business - An approved institution must notify the Authority within 7 days of:**

- The formation, acquisition, disposal or dissolution of a subsidiary, including the subsidiary’s name and its principal business,
- Any changes in the information originally submitted under the following headings:
- Branch offices in Lebanon from where it carries on securities business,
- Insurance arrangements, where applicable,
- The countries outside Lebanon where it carries on securities business, including whether the business operates as a branch office, a subsidiary or otherwise, and
- The contracts or arrangements to clear and settle transactions or for custody of client money or client assets”.

**Fourth:** This Announcement shall enter into force upon its publication in the Official Gazette.

**Beirut, May 11, 2021**  
**Chairman of the Capital Markets Authority/  
Governor of the Central Bank of Lebanon**  
**Riad Toufic Salame**  
**(Signature)**