

## CAPITAL MARKETS AUTHORITY

### Announcement No. 84

#### On Increasing the Minimum Capital required by Financial Institutions to carry on Securities Business Activities and on 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. 17/2/22 dated 22/02/2022 on increasing the capital required by Financial Institutions to practice Securities Business Activities by 20% (twenty per cent) over the currently applicable capital under the Licensing and Registration Regulation Series 2000 published on 19 January 2017 and amendments thereof.

We advise you of the following:

**First:** Sub-Article 1 of Article 2103 of the Licensing and Registration Regulation Series 2000 shall be amended to read as follows:

1. <u>Securities business activities</u> means carrying on the business of any of the following activities		
Dealing	<ul style="list-style-type: none"> <li>Dealing in or trading a security as principal or as agent</li> <li>Selling, buying, or taking an order to sell or buy, a security</li> </ul>	Required Capital LBP 720 Million
	<ul style="list-style-type: none"> <li>Uptaking the role of an Approved distribution agent for a foreign collective investment scheme</li> </ul>	
Dealing	<ul style="list-style-type: none"> <li>Market maker or liquidity provider</li> <li>Managing subscriptions for distributing or underwriting securities</li> </ul> <p>This licensing does not include arranging for a third party to provide custody services which require a licensing for Arranging services.</p> <p>This licensing does not also include Custody services which require Custody licensing.</p>	Required Capital LBP 1.8 Billion
	<ul style="list-style-type: none"> <li>Providing suitable advice to another person on benefits and risks of his investment or dealing in any type of securities</li> <li>Advising on exercising any right related to a security</li> <li>Securities offerings, public or private placements</li> </ul>	
Advising		Required Capital LBP 180 Million

	<ul style="list-style-type: none"> <li>• Providing financial advice including advising on: investments, dealing in securities, corporate finance matters, mergers and acquisitions</li> </ul> <p>This does not include taking orders from clients which requires licensing for Dealing services.</p>	
Arranging	<ul style="list-style-type: none"> <li>• Arranging transactions in relation to securities business</li> </ul>	Required Capital LBP 360 Million
	<ul style="list-style-type: none"> <li>• Introducing persons to securities business</li> </ul>	
	<ul style="list-style-type: none"> <li>• Acting to put together a transaction in a security</li> </ul>	
	<ul style="list-style-type: none"> <li>• This includes arranging corporate finance deals, mergers &amp; acquisitions deals, securities offerings, public or private placements</li> </ul>	
	<ul style="list-style-type: none"> <li>• Arranging for a third party to provide custody services subject to the provisions of Series 3000, especially Paragraphs 3515 and 3517 thereof.</li> </ul>	
	<b>Note:</b> Arranging does not include Dealing (executing trades).	
Managing	<ul style="list-style-type: none"> <li>• Managing a security or a portfolio of securities for another person on a discretionary basis</li> </ul>	Required Capital LBP 3.6 Billion
	<ul style="list-style-type: none"> <li>• Including management of collective investment schemes (Additional requirements apply under the CIS Regulation).</li> </ul>	
Custody	<ul style="list-style-type: none"> <li>• Safeguards assets for another person including securities</li> </ul>	Required Capital LBP 7.2 Billion
	<ul style="list-style-type: none"> <li>• Includes client custody services, and administering rights, benefits and actions relating to a Security.</li> </ul>	
	<ul style="list-style-type: none"> <li>• It includes acting as a custodian for a collective investment scheme. (Additional requirements apply under the CIS Regulation).</li> </ul>	

**Second:** Approved Financial Institutions shall increase their capital by 20% (twenty percent) over the minimum applicable percentage no later than 31/12/2022.

In this context, Financial Institutions shall apply to the Authority to obtain its approval on its capital increase in the prescribed form.

**Third:** This Announcement shall enter into force upon its publication in the official gazette.

Beirut, July 28, 2022

**Chairman of the Capital Markets Authority/  
Governor of the Central Bank of Lebanon  
Riad Toufic Salame  
(Signed)**