



# 2017 ANNUAL REPORT

**Special Investigation Commission**  
Lebanon's Financial Intelligence Unit



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## MESSAGE FROM THE CHAIRMAN

*Dear SIC Members, Secretary General & Staff,*

*The handling of the political crisis that unfolded during the latter part of 2017 which resulted in an unprecedented unanimous support for the country's leadership is an experience for all of us to draw on, in terms of what could be achieved when national unity and cooperation are at their best. It is this same spirit of unity, resolve and cooperation between our national agencies that enabled Lebanon to defeat and drive away terrorist groups entrenched on our eastern border, in what is known as the battle of "Fajer Aljroud". I could not be prouder of this achievement, and of your hard work and coordination with our national agencies in combatting the financing of terrorism, including processing in a timely manner their requests for assistance and providing them with suspected TF transactions, as well as information obtained from counterpart agencies abroad.*

*The economic burden caused by the refugees situation and their impact on the country's resources are among the challenges we continue to face and overcome. From our end, maintaining financial and monetary stability, as well as protecting the integrity of our banking and financial sectors by adhering to international standards and cooperating with the international community on AML/CFT matters remain top priorities for us. As such, we continue to assess and update our regulations in order to*

*bolster AML/CFT controls as needed. This year, we continued to work towards addressing the international requirements called for by the OECD-Global Forum on Transparency and Exchange of Information for Tax Purposes. In this regard, BDL and SIC Circulars were issued, including BDL Basic Circular 139 dated July 21, 2017 on implementing the Common Reporting Standards and SIC Circular 22 on adding a mandatory field to identify the customers' tax residency to KYC Forms adopted at banks and financial institutions. BDL Basic Circular 144 dated November 28, 2017 on cybercrime prevention, as well as SIC Circular 23 on amending the STR forms were also issued during the year.*

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*‘Protecting the integrity of our banking and financial sectors by adhering to international standards and cooperating with the international community on AML/CFT matters remain top priorities for us’*

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*The work the SIC carries out within international organizations continues to command respect and appreciation. In 2017, the SIC along with another FIU were granted the StAR Award of Excellence by the World Bank-UNODC stolen asset recovery initiative (StAR) for successfully investigating and recovering corruption related assets. The SIC*

*Secretary General, in addition to his role as vice president of MENAFATF, was re-elected for a second term to serve as Egmont Group's MENA regional representative and Vice Chair for its committee. Furthermore, BDL through Vice Governor Baasiri, continues to participate in the work of the CIFG within the Global Coalition against Daesh.*

*Throughout the year, ML & TF cases received and investigated by the SIC resulted in freezing decisions and in lifting banking secrecy off 48 cases which were forwarded to the General Prosecutor. Furthermore, risk based compliance examinations carried out by the SIC Compliance Unit to assess AML/CFT controls and compliance programs covered 28 banks as well as other reporting entities.*

*I wish you success, and I remain confident that in spite of the many challenges facing us, you will stay the course and keep up the good work.*

*Best regards,  
Riad Toufic Salamé*



*Banque du Liban, Governor  
Special Investigation Commission, Chairman*



## MESSAGE FROM **THE SECRETARY GENERAL**

*Dear SIC Managers & Staff,*

*The central role that the SIC has within Lebanon's AML/CFT regime, its wide operational capacity and its engagements in the work of related regional and international bodies, including efforts to improve international cooperation, has well positioned us to keep track of evolving ML/TF risks and trends. Moreover, our knowledge of the international community's actions, ML/TF counter measures along with the SIC role and experience in handling TF and corruption related cases made us realize, more than ever, that stronger and more timely responses are still needed to foster the fight against these crimes which have a tremendous impact on individuals, societies and their sustainable development.*

*Based on this strong conviction, I highlighted these crimes along with cybercrimes in my address to the MENAFATF plenary meeting of December 2017 as areas of priority under Lebanon's upcoming MENAFATF presidency. In 2017, MENAFATF resolved to end its monitoring of Lebanon after concluding that the FATF core and key recommendations are being implemented in a compliant or largely compliant level. This conclusion was reached after reviewing our 9<sup>th</sup> progress report which highlighted legislative developments and progress made in AML/CFT areas since our last mutual evaluation report.*

*We believe that actions taken to address ML/TF risks should go well beyond technical issues and words. As such, we continue to increase our resources, work on capacity building and on creating more awareness as well as on strengthening coordination between our national agencies. International cooperation is also vital. As such, I intend to use my current position as Egmont Group's MENA region representative and its Committee's vice chair to improve information sharing among FIUs and to assist others from the region in joining this group.*

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*‘ MENAFATF resolved to end its monitoring of Lebanon after concluding that the FATF core and key recommendations are being implemented in a compliant or largely compliant level ’*

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*Year 2017 was eventful on many fronts. The SIC workload continued to grow, and cases handled have become more complex. In 2017, the number of ML/TF cases received reached 597, of which 118 were from foreign sources and 479 from local sources. During the year, 188 spontaneous disclosures were also handled, and risk based AML/CFT onsite compliance examinations covered 28 banks, 18 finance companies, 28 insurance companies, 83 money dealers and a number of other reporting entities.*

*I thank you for your relentless efforts and hard work. Going forward, I will continue to count on your support, dedication and professionalism to carry out our duties here at home, and to diligently undertake the responsibilities placed upon us in our work with regional and international organizations.*

*Best regards,  
Abdul hafiz Mansour*



*Special Investigation Commission,  
Secretary General*

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# INTRODUCTION



*The Special Investigation Commission (SIC) is a multi-function financial intelligence unit (FIU) with judicial status. It is the center piece of Lebanon's AML/CFT regime, a platform for international cooperation and plays a vital role in safeguarding concerned sectors from illicit proceeds. The SIC's tasks include receiving and analyzing suspicious transaction reports (STRs), conducting financial investigations, lifting banking secrecy, freezing accounts and/or transactions and forwarding them to concerned judicial authorities. With respect to terrorism and the financing of terrorism, the SIC is also empowered to prevent the use of movable or immovable assets. In addition to sharing ML/TF intelligence with counterparts and coordinating with foreign/local competent authorities on requests of assistance (ROAs), the SIC also proposes AML/CFT regulations and issues regulations and recommendations to concerned parties. AML/CFT supervision via risk based compliance examinations that cover banks and other reporting entities to ensure proper implementation of prevailing regulations is also among its tasks.*

The enacting of the AML law No.318 in 2001, which allowed for the establishment of the Special Investigation Commission as the Lebanese FIU, was the cornerstone to launching the serious and structured fight against money laundering and terrorism financing in Lebanon. Back in 2001, the start was with an institution unknown to the local community and more so to the world with a few staff members occupying a modest office. Today, the SIC occupies its separate "high security" offices within the Central Bank compound and over the years has grown significantly in size. The SIC is currently considered among the leading institutions in Lebanon, the region, and is well regarded abroad.

This status did not come easy, as each year along the way was filled with challenges that the SIC family has lived up to. Achievements were numerous ranging from the building of an effective FIU and an AML/CFT regime, the removal of Lebanon from the list of non-cooperative countries & territories, joining regional and international bodies such as the Egmont Group (EG), playing a leading and vital role in the creation of MENAFATF and assuming its first year presidency. The SIC owes much of its achievements to its committed and focused leadership and dedicated staff.

Today, with its many accomplishments, the SIC leadership believes that more still needs to be done. As terrorism,

organized crime and ML/TF techniques continue to evolve and change, causing greater threats to world economies, the SIC endeavors to work and participate more in the activities of regional and international bodies to face those growing challenges. The SIC, based on its experience, strongly believes that constant adaptation to rapid changes in the world of crime is a must to keep track of law offenders, and that the best way forward to effectively curb financial flows from organized crime and combat terrorism finance, both predominantly cross border crimes, is through increasing the span and extent of international cooperation. On another hand, continuous training that aims not just at creating more awareness but also at sharpening skills and know-how of its staff and staff of other concerned authorities is a must.

Keeping high on its agenda the MENAFATF Mutual Evaluation Report on Lebanon, several laws were enacted in 2015 and 2016, including the new AML/CFT Law No. 44, that address the MER remarks and plans. Coordination with other concerned agencies also took place to address points of concern through a comprehensive national strategy that aimed to elevate Lebanon's AML/CFT regime to full compliance with international standards. Moreover, the SIC is working relentlessly towards enhancing AML/CFT on-site compliance examinations, financial investigations and other SIC core activities with hopes that the coming years will be marked with similar success.

# 2001-2017

## HIGHLIGHTS

**2001**

- Enactment of AML Law No. 318
- Creation of the SIC

**2002**

- Removal of Lebanon's name from FATF NCCT List
- Creation of the National Committee for Coordinating AML Policies

**2003**

SIC joins the Egmont Group of FIUs

**2004**

Creation of MENAFATF & first year presidency awarded to Lebanon

**2008**

Lebanon ratifies UN Convention Against Corruption (UNCAC), & Law No. 32 was enacted to expand SIC competence to include corruption

**2007**

Creation of the National Committee on Suppressing Terrorism Financing

**2006**

SIC involved in U.S. MENA Private Sector Dialogue (PSD)

**2005**

Creation of SEEDS (For electronic exchange of information with reporting entities)

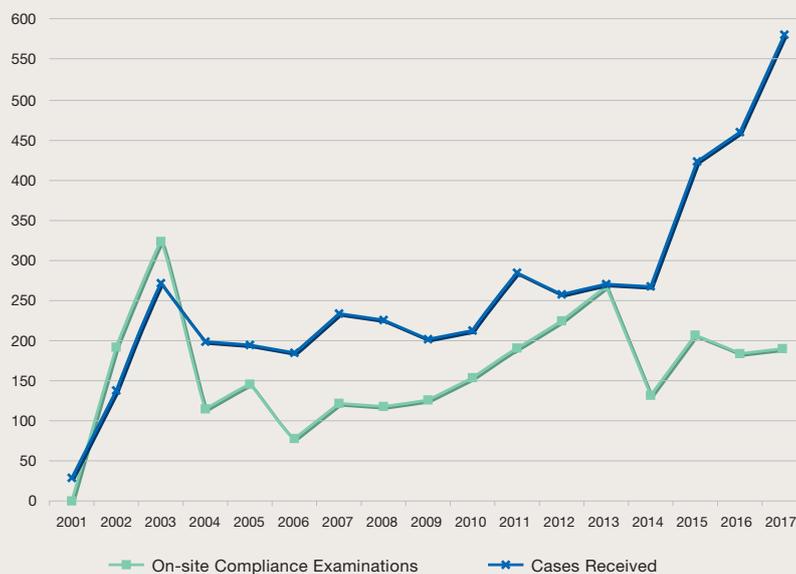
**2009**

MENAFATF adopts Lebanon's ME Report

**2010**

New SIC Secretary appointment

**Cases Received and On-site Compliance Examinations – 16 Years**



**2011**

SIC joins Egmont Group's Special Project Team (SPT) on its charter review

**2012**

Draft AML/CFT law, cross border transportation of funds law and exchange of tax information law forwarded to Parliament

**2013**

SIC led the ML/TF National Risk Assessment (NRA)

38

MOUs signed since 2001

■ MOUs signed with the SIC



## 2015

- Strengthening the AML/CFT regime by enacting several laws including a new AML/CFT Law No. 44
- SIC Secretary General becomes EG MENA Region Representative & Egmont Committee Vice Chair

## 2016

- Enactment of Law No. 77 amending Article 316 bis. of the Lebanese Penal Code (TF Offence) & Law No. 55 on the exchange of information for tax purposes
- The Higher Council of Customs collaborated with the SIC to issue a mechanism to implement Law No. 42 on Declaring the Cross-Border Transportation of Money

## 2014

SIC joins the Egmont Group Task Team on the implementation of the EG strategic plan

## 2017

- SIC Secretary General re-elected as EG MENA Region Representative & Egmont Committee Vice Chair
- SIC representing Lebanon assumed the Vice Presidency of MENAFATF
- SIC received the StAR Award of Excellence from the World Bank-UNODC Stolen Asset Recovery Initiative (StAR) for investigating a corruption case that resulted in asset recovery



# SECTION I

## Special Investigation Commission and National Committees

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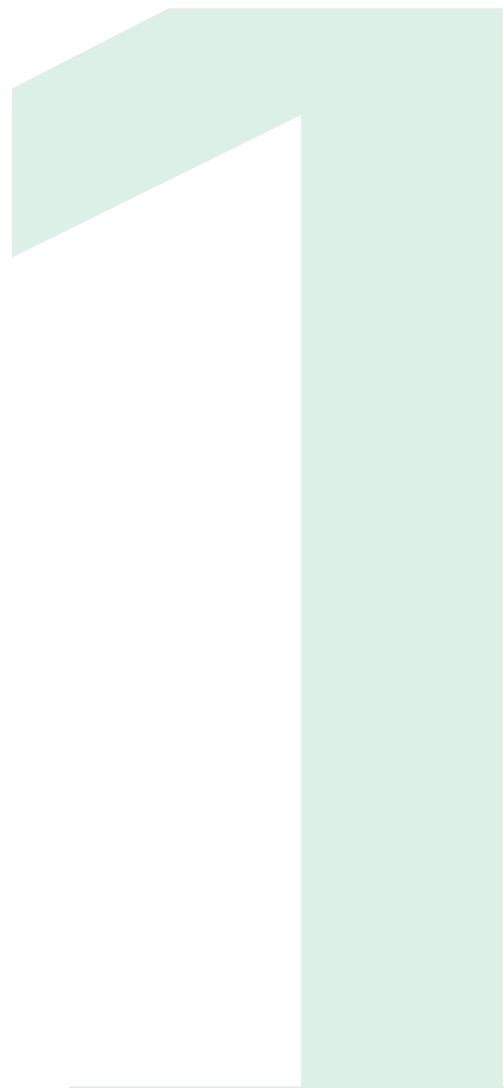
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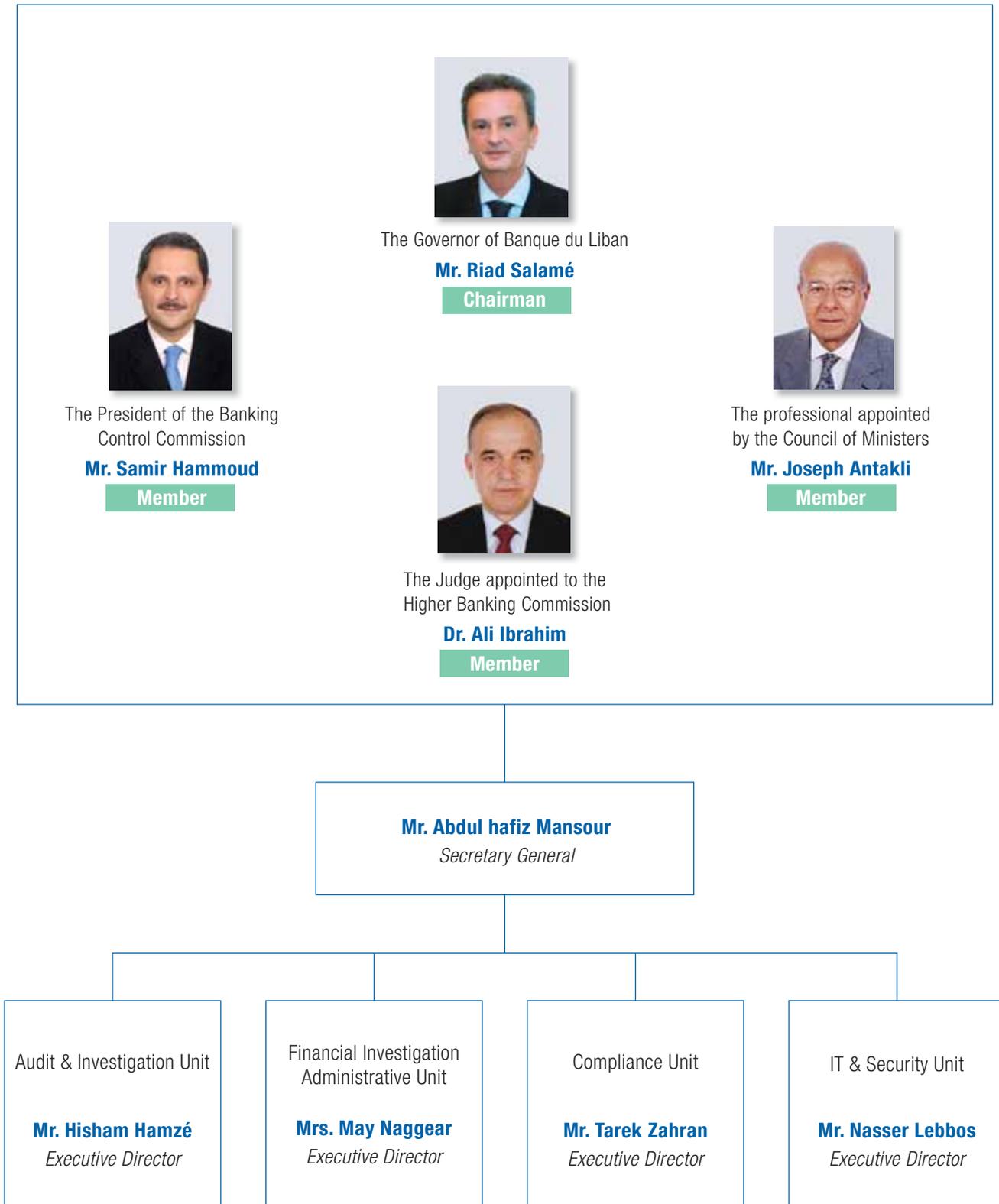
# **Special Investigation Commission Structure**



Chapter



# Organization Chart



# Members

1 | The Special Investigation Commission is composed of:

The Governor of Banque du Liban, Mr. Riad Salamé, or the Vice-Governor designated by him.

Chairman

The Judge appointed to the Higher Banking Commission, Dr. Ali Ibrahim, or his alternate judge.

Member

The President of the Banking Control Commission, Mr. Samir Hammoud, or the member of the Commission designated by him.

Member

The professional appointed by the Council of Ministers, Mr. Joseph Antakli, or his alternate Mr. Boutros (Pierre) Kanaan.

Member

2 | Article 6 of Law No. 44 of November 24, 2015 establishes “the Special Investigation Commission” or “the Commission” as an independent legal entity with judicial status at Banque du Liban, which shall discharge its functions without being subject to Banque du Liban’s authority.

## The mission of the Special Investigation Commission, as per Law No. 44, is to:

- Receive suspicious transaction reports (STRs) and requests of assistance; to investigate operations that are suspected to be money-laundering or terrorism financing offences; to decide on the seriousness of evidence and circumstantial evidence related to the commission of any such offence(s); to take in this regard the adequate decision, particularly the precautionary and temporary freezing of the suspicious accounts and/or transactions, for a maximum period of one year renewable once for six months concerning foreign requests of assistance, and for a maximum period of six months renewable once for three months concerning local STRs and requests of assistance.
- Ensure compliance by the parties referred to in Articles 4 and 5 of this law with the obligations stipulated in this Law and in the regulations issued in relation thereto, except for lawyers, certified accountants and notaries, without prejudice to the provisions of Paragraph 2 of Article 17 of this Law.
- Collect and retain the information received from the parties referred to in Articles 4 and 5 of this law, as well as the information received from Lebanese and foreign official authorities, and all other collected information, and to share such information with the Commission’s counterparts, in its capacity as the competent authority and the official center to undertake such a task.
- Issue regulations on the implementation of the provisions of this Law addressed to the parties referred to in Article 5 of this law, and to issue recommendations to all concerned parties.
- Permanently freeze the concerned accounts and/or transactions, and/or lift the banking secrecy in favor of the competent judicial authorities and the Higher Banking Commission represented by its Chairman on accounts or transactions suspected to be related to money laundering or terrorism financing.
- Keep suspicious accounts as traceable accounts.
- Attach an encumbrance on the records and entries pertaining to movable or immovable assets, indicating that such assets are under investigation by “the Commission”. The encumbrance shall be kept until doubts are erased or until a final decision in this regard is taken.
- Request the Public Prosecutor of the Court of Cassation to take preventive measures concerning the movable and immovable assets that have no records or entries, so as to prevent the use of such assets until a final judicial decision in this regard is taken.
- Require from concerned persons and parties, whether public or private, to take the necessary measures to prevent the use of movable or immovable assets belonging to any names designated or to be designated on the national lists issued by the competent Lebanese authorities or any other lists it circulates concerning terrorism and terrorism financing and any acts related thereto. The concerned persons and parties, whether public or private, must comply without any delay to this requirement.
- Appoint its Secretary General and set its operating and internal rules.

# General Secretariat

1 | The Special Investigation Commission General Secretariat is composed of:

- The Secretary General
- The Audit & Investigation Unit
- The Compliance Unit
- The Financial Investigation Administrative Unit
- The Information Technology & Security Unit

2 | The Secretary General tasks include the following:

- Supervising directly the SIC Units.
- Receiving directly or through the Chairman of the Commission all suspicious transactions reports.
- Implementing through concerned Units decisions made by the Commission and notifying concerned parties of the Commission's decisions.
- Submitting to the Commission reports on missions finalized by concerned Units and providing an analytical opinion on those reports.
- Monitoring domestic/foreign laws and regulations and recommending to the Commission necessary amendments to be made especially with respect to the regulations on the Control of Financial and Banking Operations for Fighting Money Laundering and Terrorism Financing.
- Implementing the Commission's decisions that aim at fostering cooperation with foreign counterparts.
- Overseeing both staff related administrative matters as well as budget and expenditure concerns.

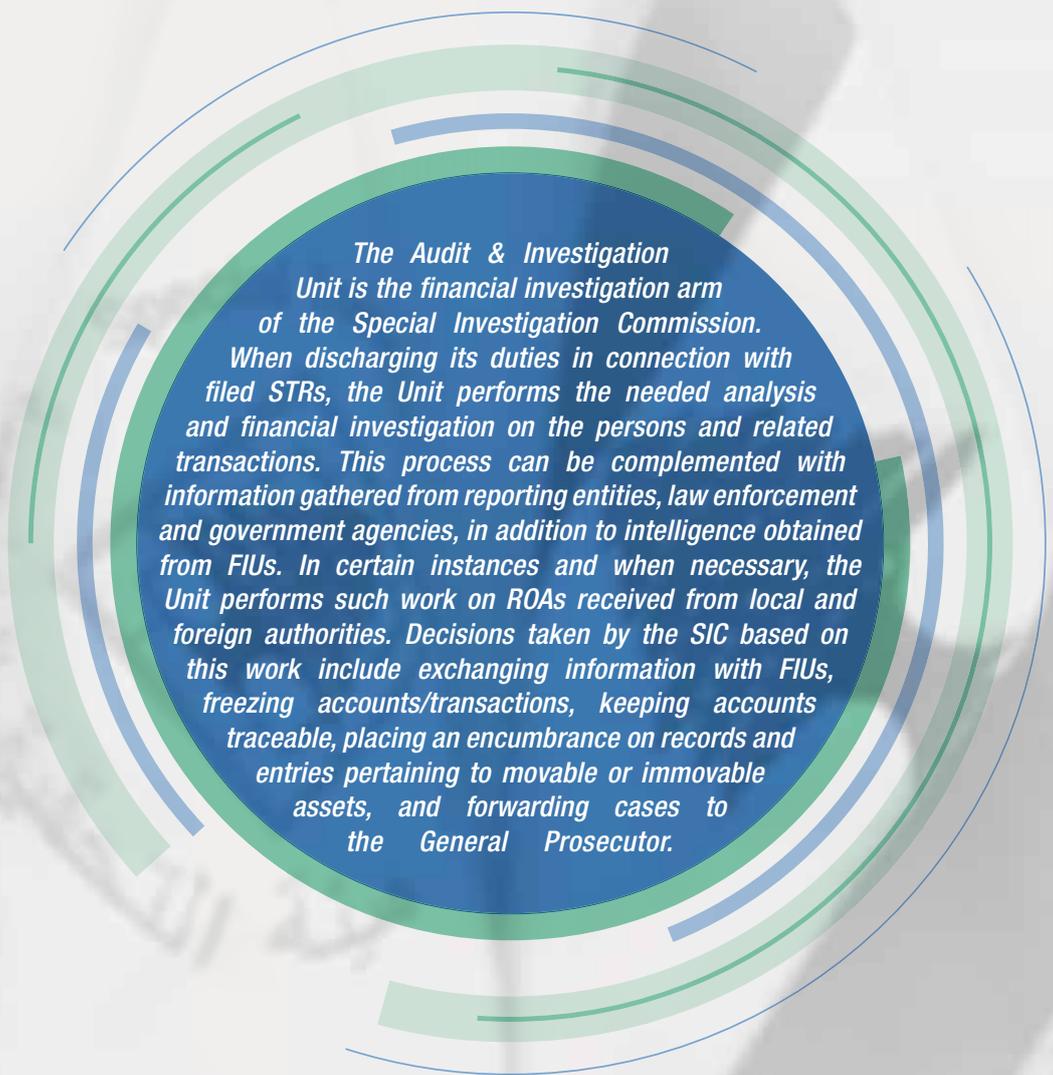




# **Special Investigation Commission 2017 Activities**



Chapter



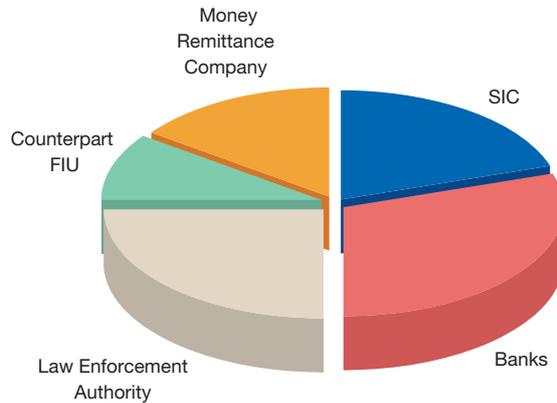
*The Audit & Investigation Unit is the financial investigation arm of the Special Investigation Commission. When discharging its duties in connection with filed STRs, the Unit performs the needed analysis and financial investigation on the persons and related transactions. This process can be complemented with information gathered from reporting entities, law enforcement and government agencies, in addition to intelligence obtained from FIUs. In certain instances and when necessary, the Unit performs such work on ROAs received from local and foreign authorities. Decisions taken by the SIC based on this work include exchanging information with FIUs, freezing accounts/transactions, keeping accounts traceable, placing an encumbrance on records and entries pertaining to movable or immovable assets, and forwarding cases to the General Prosecutor.*

# Audit & Investigation Unit

During the year, the Unit handled 597 cases, which comprised 457 STRs and 245 ROAs from foreign/local sources, in addition to numerous spontaneous disclosures. Based on SIC decisions, information was shared with concerned FIUs, and was disseminated to the GP and to local law enforcement authorities when needed. Keeping certain accounts traceable, and freezing others were also among the SIC decisions. Due to the rise in the number of ML/TF cases received and to the complexity of some cases handled, prioritizing the work at hand and effectively assigning it to skilled experienced staff capable of adding value to the analysis undertaken, is increasingly becoming an essential part of the overall job.

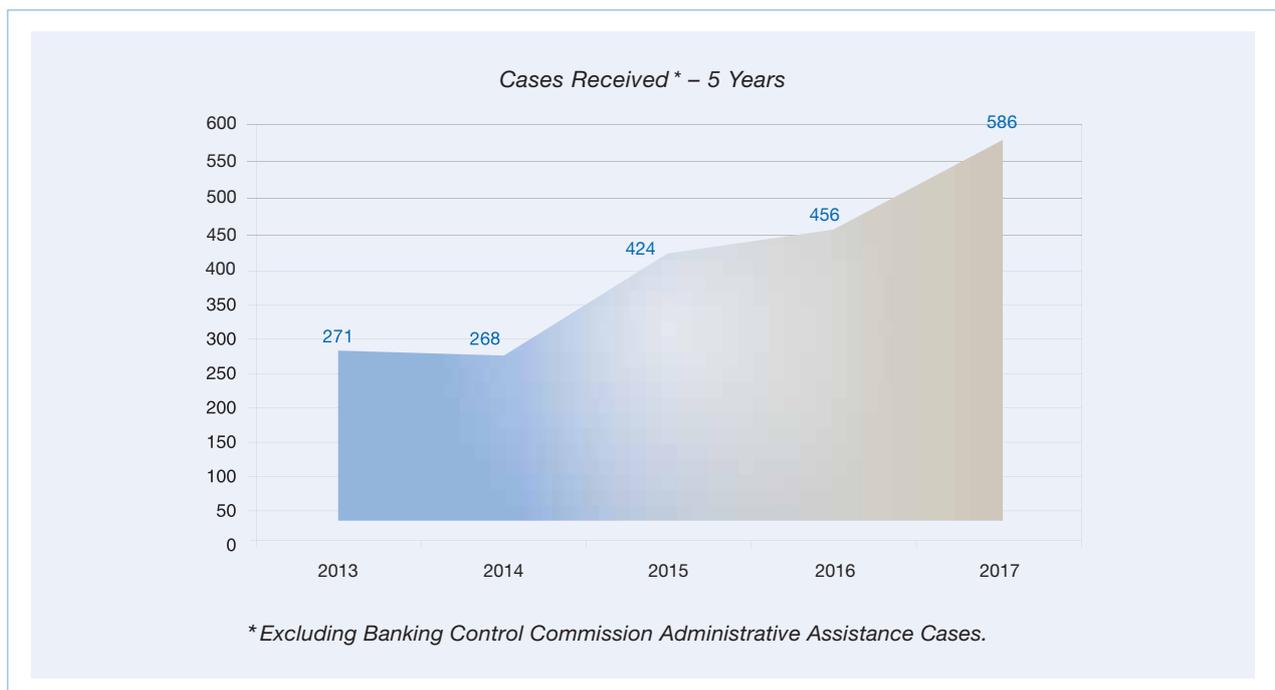
In 2017, several TF cases that were investigated involved international cooperation as well as local interagency coordination, and resulted in rewarding outcomes. One such case was a request of assistance (ROA) received from an FIU on behalf of its national police requesting information on several suspects believed to be connected to a possible terrorist act. The SIC database revealed that a Lebanese law enforcement authority had formerly sought the SIC assistance to identify bank accounts and transactions for one of the suspects who had judicial warrants issued for his arrest for participating in armed conflicts, being affiliated with ISIL, and for sending fighters to Syria. Previously the SIC had identified two bank accounts, money remittances, and also decided to freeze the said accounts. Upon circulating the names of all the suspects mentioned in the ROA to banks and financial institutions, a money remittance

company reported several remittances, and a bank account was identified. The account reflected multiple small cash deposits followed by ATM and cash withdrawals, and was closed since 2015. The gathered information was forwarded to the requesting FIU, and to the General Prosecutor.



Information gathered from various sources  
(Case related to terrorism financing)

Multiple other engagements took place throughout the year aside from the day-to-day tasks and functions of the Audit & Investigation Unit. The Unit's manager lectured in conferences held in Iraq and Lebanon on ML/TF investigations. Several staff members attended MENAFATF plenary and working group meetings, while others attended training events and participated as speakers in others.





*The Compliance Unit is the supervisory arm of the Special Investigation Commission that ensures banks and other reporting entities compliance with prevailing AML/CFT regulations. It conducts annual onsite and offsite examinations to assess the effectiveness of AML/CFT compliance programs, CDD measures and controls adopted to monitor, detect and report suspicious transactions. Onsite examinations are risk based and are complemented with annual offsite assessments. When necessary, the risk based approach for supervision of concerned sectors under Law no. 44 are updated to ascertain both adequate coverage and more focused assessments. In discharging its duties, the Unit highlights corrective measures that banks and other reporting entities need to implement to enhance their compliance programs and internal controls. The Unit also recommends updating or introducing new AML/CFT regulations following developments in international standards, and when the need arises due to either evolving risks, best practices or as a result of examinations findings.*

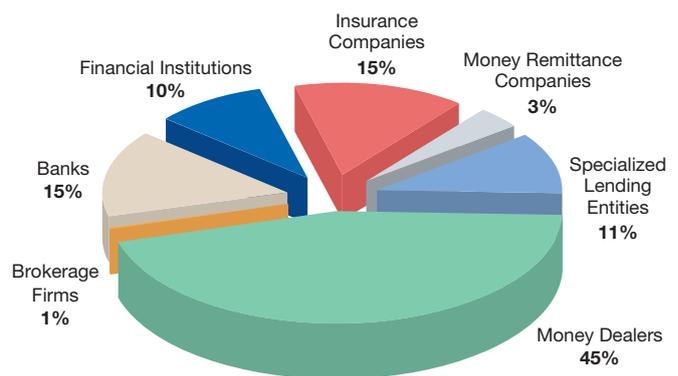
# Compliance Unit

The risk based AML/CFT compliance examinations that target banks and other reporting entities continue to expand in scope and focus areas covering matters ranging from sanctions evasion to tax crimes. Examination procedures were updated during the year to include an assessment of adopted policies, systems and controls to ensure compliance with BDL Basic Circular 139 of July 2017 on implementing the Common Reporting Standards, as called for by the OECD – Global Forum on Transparency & Exchange of Information for Tax Purposes. On this matter, the Unit also suggested regulations that require from banks and financial institutions to include in their KYC forms a mandatory field for identifying the tax residency of customers that were issued via SIC Circular 22. Other regulatory suggestions made by the Compliance Unit involved updating the STR forms used by reporting entities, and to that extent SIC Circular 23 was issued.

Good planning, assessing offsite information, and comparing results from previous examinations are considered key factors for carrying out successful robust onsite examinations. In 2017, onsite compliance examinations covered 28 banks, 18 financial institutions, 28 insurance companies, 83 money dealers, 7 Money remittance companies, 20 specialized lending entities (comptoirs), and others. Offsite work included analyzing results from risk-assessment surveys as well as evaluating external auditors' annual AML/CFT procedures reports for 62 banks, 49 financial institutions, 41 type "A" money dealers and 7 money remittance companies.

During the year, the Unit's Director participated in Egmont Group, FATF and MENAFATF plenaries and several working group meetings, and also attended other engagements abroad, including the UNODC Vienna meeting on the identification of good practices in terrorism financing risk assessments. Locally, he attended meetings held between

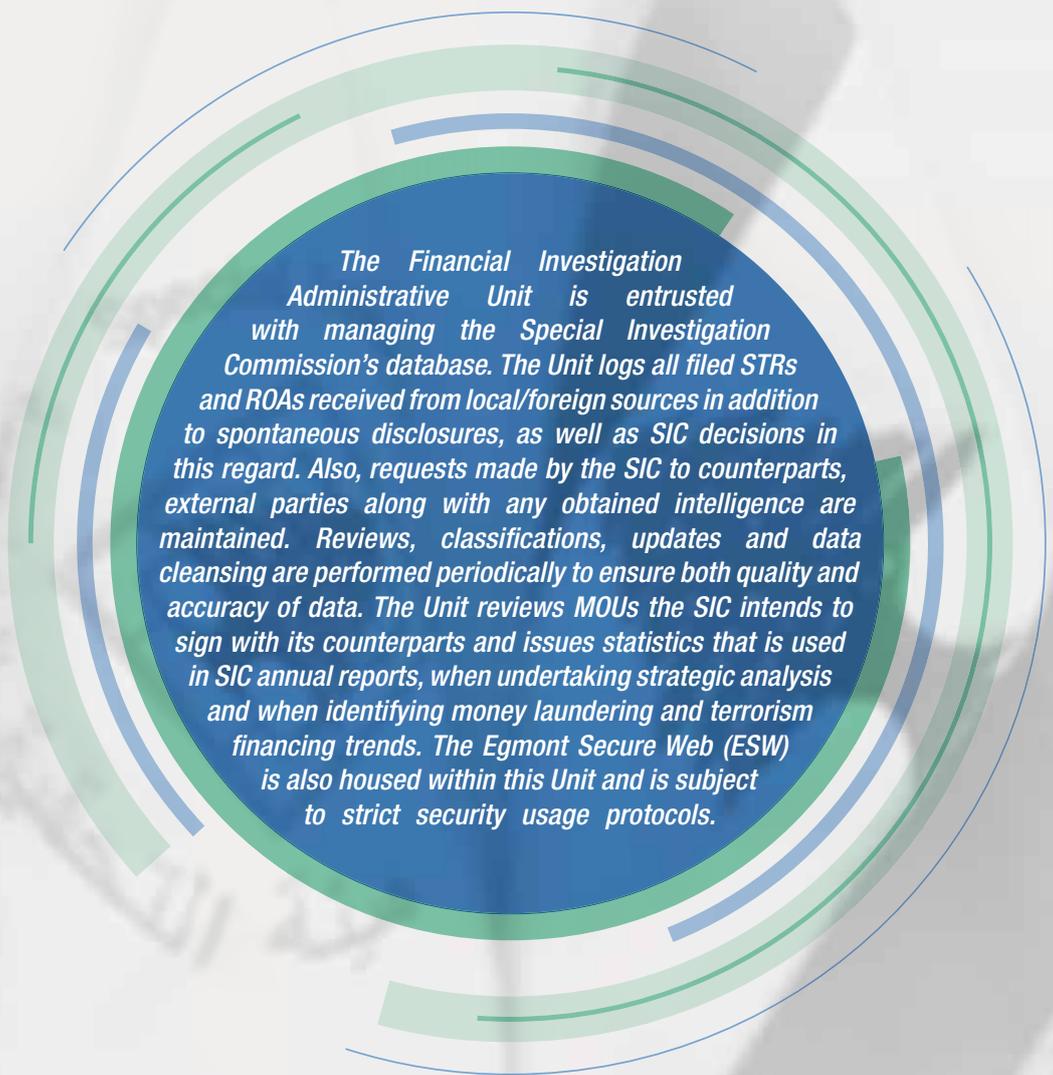
national authorities and the EU mission in Lebanon on the counter terrorism strategy, and was a guest speaker at several events on creating awareness and capacity building. Among those events was the annual forum for the "Heads of AML/CFT Compliance Units in Arab Banks & Financial Institutions", and the seminar on enhancing regulations with respect to cross-border cash flows that was organized by Danish authorities, Lebanese Customs and the Global Center on Cooperative Security.



Distribution of the 185 on-site examinations

Sharpening skills and acquiring information on the latest trends and developments is crucial to meet new challenges head-on. To better learn of compliance successes and failures from across the globe, several staff were chosen to attend the training delivered by the Financial Integrity Network that focused on global sanctions risk management. During the year, staff also attended other forms of training, including the assessors training workshop and shared SIC experiences at events such as the UNODC workshop on financial disruption of international money laundering networks.





*The Financial Investigation Administrative Unit is entrusted with managing the Special Investigation Commission's database. The Unit logs all filed STRs and ROAs received from local/foreign sources in addition to spontaneous disclosures, as well as SIC decisions in this regard. Also, requests made by the SIC to counterparts, external parties along with any obtained intelligence are maintained. Reviews, classifications, updates and data cleansing are performed periodically to ensure both quality and accuracy of data. The Unit reviews MOUs the SIC intends to sign with its counterparts and issues statistics that is used in SIC annual reports, when undertaking strategic analysis and when identifying money laundering and terrorism financing trends. The Egmont Secure Web (ESW) is also housed within this Unit and is subject to strict security usage protocols.*

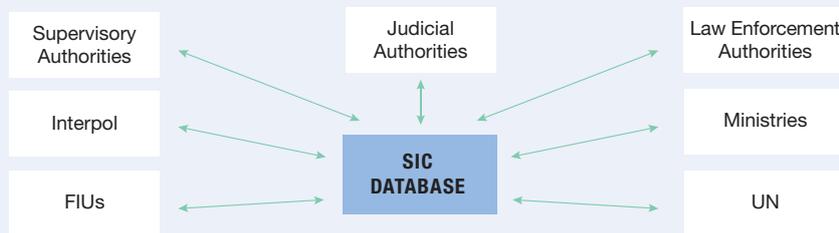
# Financial Investigation Administrative Unit

Managing and developing the SIC database to enhance input capabilities, improve data extraction features and allow for more accurate link analysis largely depends on the cohesive performance of both the FIAU and the IT & Security Unit. During the year, additional search parameters, along with new fields relating to cybercrimes and terrorism financing were integrated into the database. The outcome of which were improved statistics that fed into the strategic analysis undertaken, and also in regulations issued via BDL Basic Circular no. 144 on cybercrime prevention.

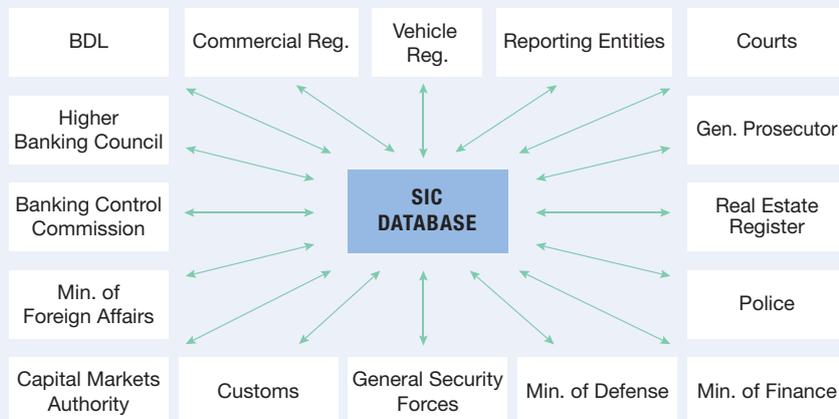
Throughout the year, a number of other endeavours were also carried out. The review of MOUs that the SIC aims to conclude with its counterparts resulted in 2017 in the signing of two MOUs with the respective FIUs of Macao and Trinidad & Tobago. As part of the reach out efforts intended to raise private sector awareness, the Unit was engaged in organizing the 3<sup>rd</sup> Anti-Cybercrime Forum that was held in Beirut for a third consecutive year. On a similar important matter of raising awareness and building capacities, the Unit concluded the preparatory work for a "National Certification

Training Program" that will be managed by the SIC in collaboration with an international organization. This would be of great value for AML/CFT compliance officers at banks and other reporting entities. The in-house training program which covers the latest developments in the AML/CFT field, and aims to sharpen SIC staff skills and keep them up to date with the most recent trends included sessions on virtual currencies and the procedures for the 2<sup>nd</sup> round of mutual evaluations.

Working meetings and conferences were attended both locally and abroad by the Unit's manager. In February, she participated in the Egmont Group plenary and working group meetings held in Qatar. Her engagement in the work relating to the Egmont Centre of FIU Excellence and Leadership (ECOFEL) which started back in 2016 also continued, and demanded her participation in a related meeting that was held in Switzerland. Staff training events included attending the assessors training workshop and also training on how to prepare for a mutual evaluation, both offered practical tips on how to succeed in preparing for such an evaluation.



2017 Information Exchange with Foreign Authorities



2017 Information Exchange with Local Authorities



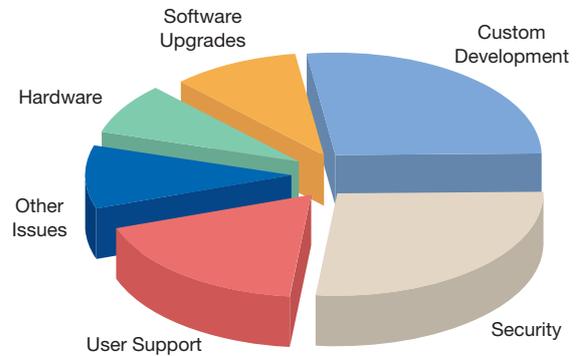
*The Information Technology and Security Unit at the Special Investigation Commission is in charge of managing and updating all hardware, software, applications and network communications infrastructure needed for both the day-to-day operations of staff and for the secure exchange of messages between the SIC and reporting entities. Among the Unit's core responsibilities is also maintaining the SIC website, overseeing the disaster recovery plan and the security of equipment, data, documents and physical security of the premises.*

# IT & Security Unit

Building on the IT infrastructure, communications and security changes and upgrades of previous years, the bulk of the work during 2017 focused on improving the software system, by adding features requested by end users. The result of which was better integration of several developed modules which provided for a smoother and more productive work experience. The integration did not only touch on the internal software system, but it also covered the secure communication system between the SIC and reporting entities, thus allowing for a more efficient follow-up process on requests made and reports received, as well as for improvements when importing and exporting data.

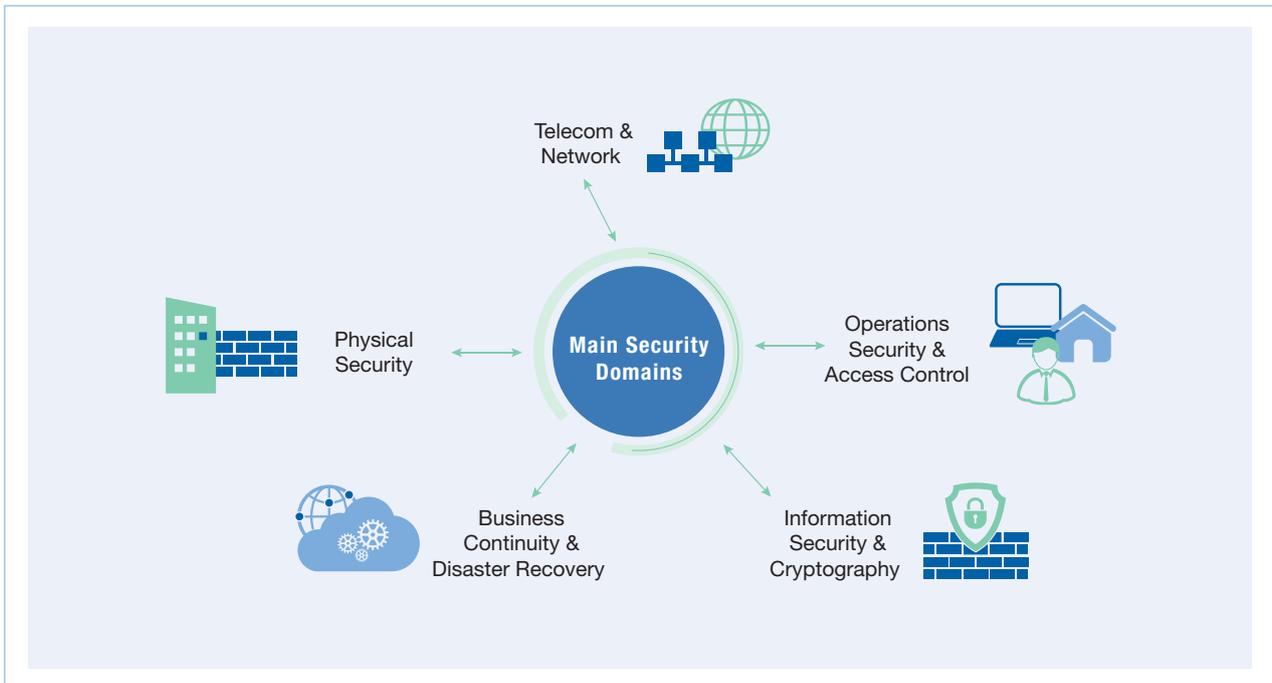
Enhancements were also made during the year to the existing SIC workflow system by both expanding the tasks it covers and improving its features. Aside from the regular updates, the SIC public website was redesigned, developed and put into production. The new look and interface were updated to allow for easier access to information and to provide for a better user experience. On another front, and in order to assist banks & financial institutions in handling the risks of electronic crimes, the Unit suggested a set of regulations relating to cybercrime prevention that were consequently included in BDL Basic Circular no. 144. Other routine & regular operations were also undertaken,

namely maintaining the backup system, providing support to SIC staff and participating or lecturing in multiple training events locally and abroad.



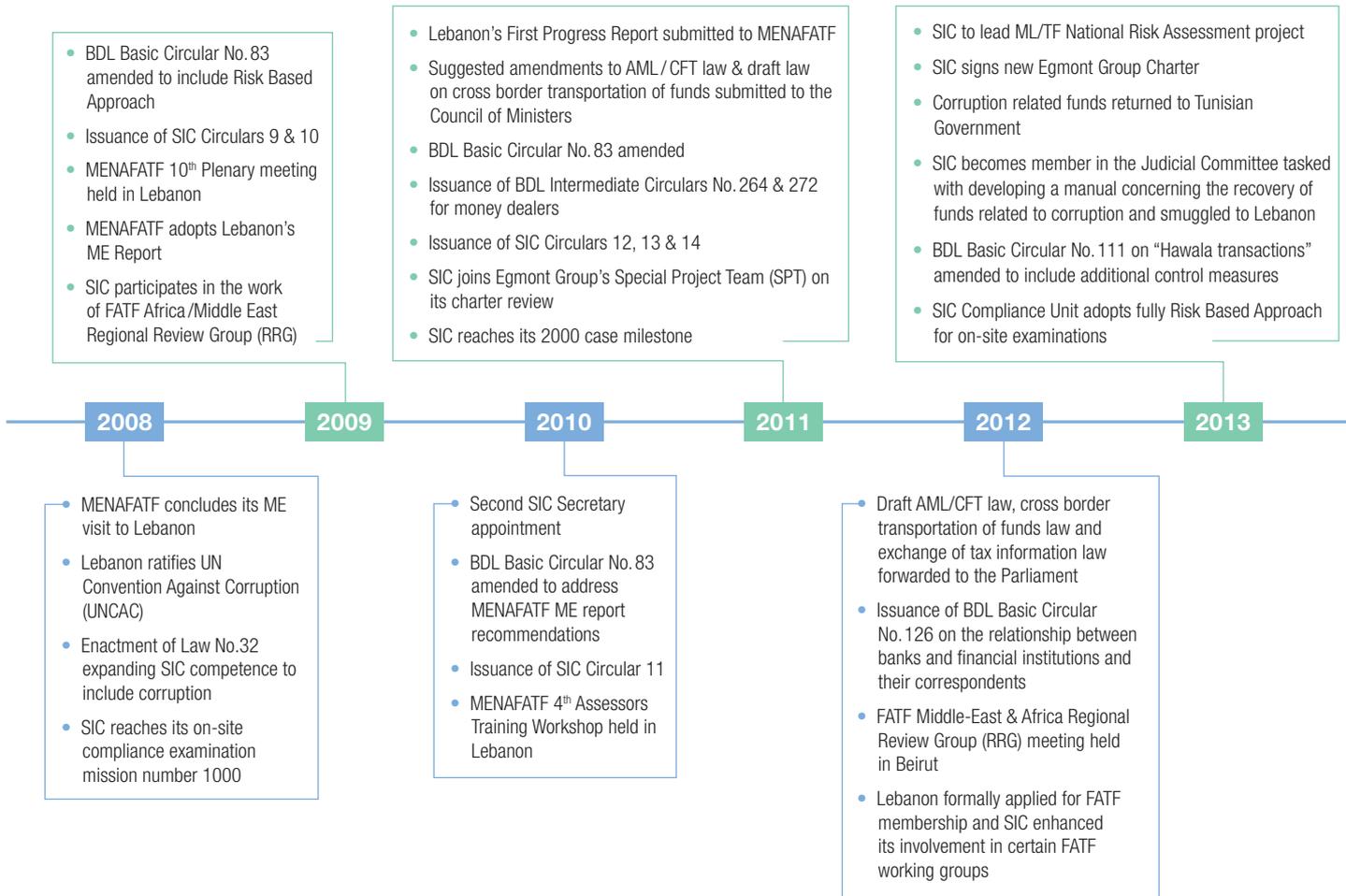
Time distribution across tasks

To mitigate evolving risks, the overall assessment of security procedures has almost become an annual task, especially for all outward facing equipment that demand constant tightening of the security measures. The review and evaluation of SIC main security domains require testing of security protocols in place to ensure alignment with Egmont Group's operational guidance for securing an FIU.



# Important Milestones

## A 10 Year Snapshot



### MOUs signed with Counterpart FIUs since SIC Inception

	Country	FIU	Signing Date		Country	FIU	Signing Date
1	Belgium	CTIF-CFI	Sep. 10, 2002	11	Senegal	CENTIF	Jan. 31, 2006
2	Croatia	AMLO	Oct. 7, 2002	12	Syria	CMLC	May 24, 2006
3	Thailand	AMLO-TH	Feb. 25, 2003	13	Panama	UAF-PA	Jun. 16, 2006
4	Monaco	SICCFIN	May 20, 2003	14	Haiti	UCREF	Jul. 20, 2006
5	Australia	AUSTRAC	Sep. 24, 2003	15	Paraguay	FIU-PY	May 30, 2007
6	France	TRACFIN	Jun. 21, 2004	16	Republic of Korea	KoFIU	Nov. 2, 2007
7	Netherlands Antilles	MOT-AN	Jun. 23, 2004	17	Georgia	FMS	Mar. 5, 2008
8	Albania	GDPML	Oct. 4, 2004	18	Canada	FINTRAC	Apr. 18, 2008
9	Guatemala	IVE	Sep. 8, 2005	19	Romania	ONPCSB	Dec. 17, 2008
10	Moldova	SPCSB	Sep. 9, 2005	20	United Arab Emirates	AMLSCU	May 26, 2009

- Enactment of a new AML/CFT Law (Law No. 44)
- Lebanon accedes to the UN International Convention for the Suppression of the Financing of Terrorism (Law No. 53)
- Enactment of a law on Declaring the Cross-Border Transportation of Money & a law on the Exchange of Tax Information (Laws No. 42 & 43)
- The National Committee on Suppressing Terrorism Financing adopts two Targeted Financial Sanctions Mechanisms for UNSCRs 1267 & 1373
- Issuance of BDL Basic Circular No. 136 & SIC Circular 19 on the Implementation of UNSCR 1267
- Issuance of BDL Intermediate Circular No. 393 on AML/CFT requirements for Money Remittance Companies
- SIC Secretary General becomes EG MENA Region Representative & Egmont Committee Vice Chair
- Lebanon's Sixth Progress Report submitted to MENAFATF
- SIC reaches its 3000 case milestone

- SIC Secretary General re-elected as EG MENA Region Representative & Egmont Committee Vice Chair
- SIC representing Lebanon assumed the Vice Presidency of MENAFATF
- SIC received the StAR Award of Excellence from the World Bank-UNODC Stolen Asset Recovery Initiative (StAR) for investigating a corruption case that resulted in asset recovery
- Issuance of SIC Circulars 22 & 23
- Issuance of BDL Basic Circular No. 139 relating to the Common Reporting Standard (CRS)
- Issuance of BDL Basic Circular No. 144 on Cybercrime Prevention
- Lebanon's ninth Progress Report submitted to MENAFATF, and Lebanon considered compliant or largely compliant in FATF core/key recs
- The Beirut & Tripoli Bar Associations issued a manual that includes the mechanism on the implementation of AML/CFT Law No. 44

2014

2015

2016

2017

- BDL Basic Circular No. 83 amended to strengthen the AML/CFT compliance function at the branch level
- Issuance of SIC Circulars 15, 16 & 18
- Issuance of SIC Circular 17 on the electronic filing of STRs in accordance with the SIC modernization plan
- SIC joins the Egmont Group Task Team on the implementation of the EG strategic plan
- SIC joins a Committee tasked by the Ministry of Justice with preparing a draft Law for the recovery of funds related to corruption and smuggled to Lebanon
- Lebanon's Fourth Progress Report submitted to MENAFATF
- The review of Lebanon's implementation of UNCAC was initiated (chapters 3 & 4)

- Enactment of a Law amending Article 316 bis. of the Lebanese Penal Code – Terrorism Financing Offence (Law No. 77)
- Enactment of a Law on tax requirements for trustees and a Law abolishing the notion of bearer shares and shares to order (Laws No. 74 & 75)
- Enactment of a Law on the exchange of information for tax purposes (Law No. 55)
- Issuance of BDL Intermediate Circular No. 411 on bearer shares and of BDL Basic Circular No. 138 on the Exchange of Tax Information covered by Banking Secrecy, in line with international standards
- BDL Basic Circular No. 83 amended to establish at banks an AML/CFT Committee at the board level
- Issuance of BDL Basic Circular No. 137 & SIC Circular 20 on the implementation of HIFPA
- Issuance of BDL Basic Circular No. 2 regulating the activities of specialized lending entities known as "comptoirs"
- Issuance of BDL Intermediate Circulars No. 415 & 418 on pre-paid cards
- Issuance of SIC Circular 21 to insurance companies and other parties mentioned in Article 5 of AML/CFT Law No. 44
- The Higher Council of Customs cooperates with the SIC to issue a mechanism to implement Law No. 42
- Lebanon's eighth Progress Report submitted to MENAFATF
- Issuance of a guidance manual on cybercrime prevention
- The Lebanese Association of Certified Public Accountants and the Lebanese Ministry of Justice issue circulars on the implementation of AML/CFT Law No. 44

	Country	FIU	Signing Date
21	Qatar	QFIU	Apr. 28, 2010
22	Kingdom of Saudi Arabia	SAFIU	Jun. 30, 2010
23	Japan	JAFIC	Jul. 10, 2012
24	Philippines	AMLC	Jul. 10, 2012
25	Russia	FSFM	Jul. 11, 2012
26	Algeria	CTRF	Sep. 13, 2012
27	Sri Lanka	CBSL	Jul. 3, 2013
28	Sint Maarten	MOT-SM	Feb. 18, 2014
29	Burkina Faso	CENTIF-BF	Feb. 18, 2014

	Country	FIU	Signing Date
30	Greece	HELLENIC FIU	Mar. 14, 2014
31	South Africa	FIC	Jun. 03, 2014
32	Fiji	FIJI-FIU	Jun. 03, 2014
33	Ukraine	SFMS	Jun. 03, 2014
34	Bangladesh	BFIU	Feb. 01, 2016
35	Poland	GIFI	Feb. 02, 2016
36	China	CAMLMAC	May 03, 2016
37	Trinidad & Tobago	FIUTT	August 02, 2017
38	Macao	GIF	October 26, 2017

# Staff Training Framework

The SIC believes that intellectual capital is its most valuable asset, therefore investing in the training and development of its staff is a stable policy. This investment is crucial for the day-to-day work and equally important for other engagements that require exceptional know-how to create the necessary awareness, provide technical assistance and participate in the various assignments undertaken by international and regional bodies such as FATF, MENAFATF and the Egmont Group.

Sharpening skills and exposing staff to AML/CFT best practices has become almost a ritual at the SIC, and is considered a high level professional education. On-job training provides learning through experience where acquired knowledge is shared through discussions and brainstorming sessions, while feedback and communication among units and levels perfects the understanding of an efficient AML/CFT regime.

Participation in off-job training events such as seminars and workshops organized in Lebanon jointly by the SIC and other bodies or abroad (US Federal Reserve, Banque de France, Australian Federal Police, etc.) is also intended for this purpose. Moreover, visits to FIUs such as Tracfin, FinCEN and Austrac to name a few are intended to grow relationships and allow for sharing of expertise.

Whether staff attended local, regional or international training events, the in-house Continuous Professional Education (CPE) program is intended to complement SIC training initiatives by exposing staff to the most recent standards and ML/TF trends. Special attention is also given to the training needs of other national agencies that make up for the AML/CFT regime.



# Experience in words



## **ZIAD | WASSIM**

*In a world where technology-based innovations are radically changing how business and financial dealings occur, participating in “The Cryptocurrency Investigations” (train-the-trainers) course helped us update our knowledge of the latest trends and complexities of this field. This event was organized by the UNODC in Vienna and enabled us to better understand the global landscape of such technologies and how they can be influenced by regulations. Presentations focused on how cryptocurrency related compliance and due diligence measures can be conducted to help mitigate ML/TF risks. It is worth noting that the training undertaken positions us well to provide similar trainings at home.*



## **OMAR | MAHA**

*Attending a two-day training course delivered by the Financial Integrity Network (FIN) in Beirut gave us an in-depth perspective of global sanctions risk management. The event was also attended by compliance officers from the financial sector and tackled several topics including the importance of compliance culture and setting the tone from the top. An overview of U.S. and EU sanctions, in addition to correspondent banking relations and de-risking practices were among the topics discussed. Several fact pattern scenarios, case studies and group knowledge exercises were conducted, allowing us to benefit from both theory and practice. Overall, it was an interesting and informative event.*



## **NADA | MYRIAM**

*We were selected to participate in a three day workshop held by the UNODC in Vienna on “Financial Disruption – international ML networks” which focused on professional facilitators who support international money laundering operations. The event was attended by experts from law enforcement agencies, FIUs and judicial authorities from the US, and several European and Asian countries. Case studies and presentations were given and aimed at sharing experiences and best practices on the latest methods in ML including underground banking, virtual currencies and cash couriers. Equally important were the face-to-face meetings and discussions between delegations particularly on improving the effectiveness of international cooperation and highlighting its impediments.*



## **ANTOINE | KAMAL**

*The MENAFATF has been conducting assessors training workshops across the region to support the implementation of its 2<sup>nd</sup> round of mutual evaluations based on the revised FATF standards. We were granted the opportunity to travel to Jordan to participate in one of those workshops that were jointly held with FATF. The five-day workshop brought together FIU, law enforcement and judicial experts from MENAFATF and FATF member countries. The training was divided into thirteen modules covering FATF recommendations and the Mutual Evaluation Process, following which participants were assigned to groups to work on a Mutual Evaluation Report to assess technical compliance and effectiveness.*



## **RASHID**

*The World Bank organized a four day workshop on “Basic CFT Investigative Techniques” in Lebanon which covered key topics such as the misuse of informal remittance systems, the importance of regional and interagency cooperation in CFT matters in addition to UNSCRs 1267 and 1373 requirements. As a continuation to the aforementioned workshop, the World Bank also organized during the same year an “Advanced CFT training program” in Uganda, which went further in depth on the topic. Practical case exercises involving link analysis and event charting in addition to building the financial profile of a terrorist were covered. Both events also provided an opportunity for me and for judicial, law enforcement and FIU experts, to discuss and share experiences.*



## **ZEINA**

*Traveling to Frankfurt to attend a week-long course on combating money laundering was an experience worth having. The event was organized by Bundesbank and covered several topics including due diligence and control measures adopted by financial institutions, the AML/CFT legal framework in Germany, the role of the FIU in addition to law enforcement and criminal justice procedures. The program involved a number of case studies that presented challenges facing authorities in combating money laundering and terrorism financing. I also had the opportunity to present the SIC’s experience and key milestones since its inception.*

# Training events

## LOCAL TRAINING

Date	Organizer	Subject	No. of SIC Staff Attending
1 <sup>st</sup> Q'17	Citibank/Association of Banks of Lebanon (ABL)	Training seminar on "Cybersecurity and Fraud Awareness"	2
2 <sup>nd</sup> Q'17	Banque de France/BDL	Seminar on Anti Money Laundering	2
	World Bank	Basic CFT Investigative Techniques Course	2
	The Association of Insurance Companies in Lebanon (ACAL)	Conference on "Digitalization in Insurance: a Threat or an Opportunity"	2
3 <sup>rd</sup> Q'17	SIC/Financial Integrity Network (FIN)	A training course on global sanctions risk management	5
	SIC	Session on "Financial Sector and Regulatory Challenges in the 21 <sup>st</sup> Century."	25
	ISF/International Center for Migration Policy Development (ICMPD) – Lebanon branch	A Training course on "Imposters and Document Security"	2
4 <sup>th</sup> Q'17	UAB/SIC	The Annual Forum of Heads of AML/CFT Compliance Units in Arab Banks and Financial Institutions	2
	Union of Arab Securities Authorities (UASA)/Capital Markets Authority (CMA)	A training program on "Combating Financial Crimes in Financial Markets"	3
	BDL/World Union of Arab Bankers (WUAB)	The Annual Information Technology Forum: Digital Transformation & Cybersecurity	2
	SIC	Session on "Blockchain & its Effect on the Banking Sector"	25
	SIC/ISF/AI-Iktissad Wal-Aamal Group	3 <sup>rd</sup> Anti-Cybercrime Forum	6
	Symposia	Conference on "Lebanese Financial Intermediaries in the New Era of Worldwide Transparency & Compliance"	1

## REGIONAL & INTERNATIONAL TRAINING

Date	Organizer	Event/Location	No. of SIC Staff Attending
1 <sup>st</sup> Q'17	Interpol/Europol/Basel Institute on Governance/Qatar National Anti-Money Laundering and Terrorism Financing Committee (NAMLC)	The Global Conference on Money Laundering and Digital Currencies (Doha, Qatar)	1
	The Swiss Federal Department of Foreign Affairs (FDFA)/International Centre for Asset Recovery (ICAR)/Stolen Asset Recovery Initiative (StAR)	10th Practitioners' Workshop on the Return of Illicit Assets of Politically Exposed Persons (Lausanne X) (Lausanne, Switzerland)	1
2 <sup>nd</sup> Q'17	UNODC	Cryptocurrency Investigation Training (Train-The-Trainers) (Vienna, Austria)	2
3 <sup>rd</sup> Q'17	Egmont Group/MENAFATF/Saudi Arabia General Administration of Financial Investigations	Egmont Group Strategic Analysis Course (SAC) (Riyadh, KSA)	1
	IMF/MENAFATF	A training course for AML/CFT Assessors (Kuwait)	1
4 <sup>th</sup> Q'17	MENAFATF/FATF	Assessors Training workshop (Amman, Jordan)	3
	World Bank	Workshop on Advanced CFT Investigation Techniques (Entebbe, Uganda)	1
	MENAFATF/Arab Monetary Fund (AMF)	Workshop on "Preparing MENAFATF Member Countries to the Second Round of the Mutual Evaluation" (Abu Dhabi, UAE)	2
	Deutsche Bundesbank	Seminar on Combating Money Laundering (Level II) (Frankfurt, Germany)	1
	UNODC	Workshop on "Financial Disruption – International Money Laundering Networks" (Vienna, Austria)	2

# International Reach Out Policy

Globalization and the interconnection of world economies and financial systems, in addition to new technologies that allow for swift movement of funds around the globe, necessitate stronger cooperation to better fight organized crime and the flow of illicit funds. To address the threats at hand, the SIC realized, early on, the importance of providing AML/CFT technical assistance especially to regional counterparts. This stems from its strong belief that money laundering (and its predicate offences), terrorism financing and proliferation financing are crimes that can be best fought, not only by domestic cooperation, but also by collective efforts of counterpart FIUs and other foreign competent agencies.

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### **To date, the SIC co-sponsored three FIUs from the MENA region that have joined the Egmont Group**

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Reach out efforts over the years in the form of technical assistance and other engagements were carried out by the SIC on its own or in partnership with regional and international bodies such as MENAFATF, FATF, UNODC, World Bank, IMF and the Egmont Group. SIC's expertise were channeled to several FIUs to satisfy their needs for technical assistance and training. Tailored programs were designed to accommodate these needs, notably in compliance, policy drafting, information analysis, IT & security, and supervision of reporting entities. Technical assistance programs also comprised providing regional FIUs and bank supervisors with AML/CFT training. Moreover, seconding SIC staff on missions including on mutual evaluation missions with international bodies and standing out as guest speakers in different regional and international events on topics such as AML/CFT compliance, FATF international standards, FIU operations and ML/TF trends while providing sanitized

cases derived from the SIC rich experience compliment such efforts. This is all done on the back of the SIC commitment to providing technical assistance and enhancing regional cooperation.

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### **The SIC has provided training and technical assistance to several FIUs from the MENA region**

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The SIC presence in plenary meetings (MENATFATF, EGMONT & FATF) and active involvement in working groups and projects as well as its previous involvement in the FATF Middle East & Africa Regional Review Group (RRG) to review the progress reports of jurisdictions brought within the ICRG process also paid off. Such efforts resulted in bringing several FIUs from MENAFATF member countries to full Egmont Group membership and in raising compliance levels to international standards.

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### **To date, several SIC staff participated as assessors in nine Mutual Evaluation Missions for MENA countries**

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The SIC has grown accustomed to quality work with international and regional bodies. Be it in engagements such as joint Egmont/FATF typologies workshops, and in projects such as: the FATF Global Threat Assessment (GTA), the Experts Group work on amendments to the FATF recommendations and in EG's charter review project as well as the EG ISIL project. Going forward, and in spite the fact that such contributions require lots of resources, their rewarding outcome leads the SIC to continue on this path.



## TECHNICAL ASSISTANCE & OTHER ENGAGEMENTS

Date	Organizer	Event/Location	No. of SIC Staff Involved	Type of Involvement
1 <sup>st</sup> Q'17	Ministry of Foreign Affairs of Denmark / Global Center on Cooperative Security/SIC /BDL	Regional forum on "Formulating a Regional Response for Exchange Houses and Money Transmitters to Counter Financing Terrorism" (Beirut, Lebanon)	2	Speakers
	Egmont Group	Egmont Plenary and Working Groups meetings (Doha, Qatar)	3	Delegation
	FATF	FATF Plenary and Working Groups meetings (Paris, France)	1	Participant
	A group of Parliamentarians against corruption	Roundtable discussions on how to apply the law related to the right to access information and to complete the legislative system for fighting and preventing corruption. (Beirut, Lebanon)	1	Participant
	BDL	Training seminar for money dealers operating in Lebanon (Beirut, Lebanon)	2	Speakers
	The European Union /Ministry of Foreign Affairs and Emigrants	Lebanon – EU meeting on Counter-Terrorism Strategy (Beirut, Lebanon)	1	Participant
	Ministry of Foreign Affairs of Denmark / Global Center on Cooperative Security /Danish Customs and Tax Administration (SKAT) /Lebanese Customs	Experience Sharing Roundtable: Enhancing Regulation of Cross-Border Cash Flows in Lebanon (Beirut, Lebanon)	1	Speaker
	FIU of the Netherlands	Visit to the FIU to review adopted IT solutions and expertise exchange (Amsterdam, The Netherlands)	1	Delegation
	The European Union Agency for Law Enforcement Training (CEPOL) / Ministry of Foreign Affairs and Emigrants	The EU-Lebanese joint Counter-Terrorism strategy workshop (Beirut, Lebanon)	3	Participants
2 <sup>nd</sup> Q'17	MENAFATF	The 25 <sup>th</sup> MENAFATF plenary and working group meetings (Kuwait)	3	Delegation
	UNODC	Expert Group Meeting on the Identification of Good Practices on Terrorism Financing Risk Assessments (Vienna, Austria)	1	Speaker
	Egmont Group	Egmont Group Centre of FIU Excellence and Leadership (ECOFEL) project team meeting (Mount Rigi, Switzerland)	1	Working meetings
	American University of Beirut (AUB) / Faculty of Engineering and Architecture	Session on Fighting Money Laundering (Beirut, Lebanon)	1	Speaker
	Central Bank of Iraq / Al-Iktissad Wal-Aamal Group	Workshop on Fighting Money Laundering (Baghdad, Iraq)	1	Speaker
	Banque de France /BDL	Seminar on Anti Money Laundering (Beirut, Lebanon)	2	Speakers
	The Association of Insurance Companies in Lebanon (ACAL)	Conference on "Digitalization in Insurance: a Threat or an Opportunity" (Beirut, Lebanon)	1	Speaker
	BDL /Dubai International Financial Centre (DIFC)	Lebanese banks day in DIFC (Dubai, UAE)	1	Participant
	Ministry of Foreign Affairs of Denmark / Global Center on Cooperative Security /ISF	Experience Sharing Workshop: Financial Analysis for Money Laundering and Daesh-related Investigations (Beirut, Lebanon)	1	Speaker
	UNODC	4th International User Group Meeting – goAML (New York, USA)	1	Participant
FATF	FATF Plenary and Working Groups meetings (Valencia, Spain)	1	Participant	

Date	Organizer	Event/Location	No. of SIC Staff Involved	Type of Involvement
3 <sup>rd</sup> Q'17	Egmont Group	Egmont Plenary and Working Groups meetings (Macao SAR, China)	1	Delegation
	BDL/ESA Institute for Finance & Governance (IFG) /Willis Towers Watson in Lebanon	Workshop on "Risk and the Cyber Threat: New Challenges & Integrated Solutions in the Lebanese Banking Sector" (Beirut, Lebanon)	1	Speaker
	Association of Banks in Lebanon (ABL)	Several AML/CFT training sessions to bank compliance officers and internal audit employees (Beirut, Lebanon)	2	Speakers
	BDL	Internship Program (Phase I): Lebanon's experience in fighting ML/TF (Beirut, Lebanon)	10	Speakers
	BDL	Training seminar for money dealers operating in Lebanon (Beirut, Lebanon)	2	Speakers
	UNODC – Terrorism Prevention Branch (TPB)	A regional training on "The Investigation, Prosecution & Adjudication of Terrorism Cases in Liberated Areas" (Beirut, Lebanon)	1	Speaker
	BDL	Internship Program (Phases II & III): Lebanon's experience in fighting ML/TF (Beirut, Lebanon)	11	Speakers
	SIC/Global Center on Cooperative Security/ Ministry of Foreign Affairs of Denmark	Awareness Raising Forum: Engaging with reporting entities in Lebanon on AML/CFT Obligations per Law No. 44 (Beirut, Lebanon)	6	Speakers
	BDL/Ministry of Foreign Affairs and Emigrants	Training seminar for diplomatic trainees at the Ministry of Foreign Affairs and Emigrants (Beirut, Lebanon)	1	Speaker
	BDL	Internship Program (Phase III): Lebanon's experience in fighting ML/TF (Beirut, Lebanon)	6	Speakers
4 <sup>th</sup> Q'17	UAB/SIC	The Annual Forum of Heads of AML/CFT Compliance Units in Arab Banks and Financial Institutions (Beirut, Lebanon)	3	Speakers
	Cash United	Conference on Compliance (Beirut, Lebanon)	1	Speaker
	Lebanese Armed Forces (LAF)/ Global Center on Cooperative Security/ Canadian Embassy in Lebanon	Experience Sharing Workshop: Good Practices for Investigating Suspected Terrorism Financing Activity (Beirut, Lebanon)	1	Speaker
	BDL	A training seminar on "Implementing the International AML/CFT Standards" (Beirut, Lebanon)	2	Speakers
	BDL/MENA Country	A training seminar for law enforcement, judicial & central bank officials from a MENA country (Beirut, Lebanon)	2	Speakers
	SIC/ISF/AI-Iktissad Wal- Amal Group	3 <sup>rd</sup> Anti-Cybercrime Forum (Beirut, Lebanon)	1	Speaker
	Qatar Central Bank	The 4 <sup>th</sup> Annual Information Security for the Financial Sector Conference (Doha, Qatar)	1	Speaker
	MENAFATF	The 26 <sup>th</sup> MENAFATF plenary and working group meetings (Manama, Bahrain)	4	Delegation
	Symposia	Conference on "Lebanese Financial Intermediaries in the New Era of Worldwide Transparency & Compliance" (Beirut, Lebanon)	1	Speaker

## SECRETARY GENERAL ENGAGEMENTS

Date	Organizer	Event/Location	Type of Involvement
1 <sup>st</sup> Q'17	Ministry of Foreign Affairs of Denmark/ Global Center on Cooperative Security /SIC/BDL	Regional forum on “Formulating a Regional Response for Exchange Houses and Money Transmitters to Counter Financing of Terrorism” (Beirut, Lebanon)	Opening speech
	Interpol/Europol/Basel Institute on Governance / Qatar National Anti-Money Laundering and Terrorism Financing Committee (NAMLC)	The Global Conference on Money Laundering and Digital Currencies (Doha, Qatar)	Speaker
	Central Bank of Iraq/ Iraqi Private Banks League /BDL/ABL/ Al-Iktissad Wal-Aamal Group	Iraq Banking Forum: 3 <sup>rd</sup> edition (Beirut, Lebanon)	Opening speech
	Egmont Group	Egmont Plenary and Working Groups meetings (Doha, Qatar)	Head of Delegation
	Thomson Reuters /Dubai Financial Services Authority (DFSA)	The 11 <sup>th</sup> MENA Regulatory Summit (Dubai, UAE)	Speaker
	FATF	FATF Plenary and Working Groups meetings (Paris, France)	Participant
	SIC /ISF / Al-Iktissad Wal-Aamal Group	Press conference on the recommendations of the 2 <sup>nd</sup> Anti-Cybercrime Forum (Beirut, Lebanon)	Speaker
	The European Union /Ministry of Foreign Affairs and Emigrants	Lebanon – EU meeting on Counter-Terrorism Strategy (Beirut, Lebanon)	Working meetings
SIC/Lebanese Association of Certified Public Accountants (LACPA)	Forum on “Fighting Corruption, Money Laundering, Terrorism Financing & Tax Evasion: A National Interest” (Beirut, Lebanon)	Opening speech	
2 <sup>nd</sup> Q'17	MENAFATF	The 25 <sup>th</sup> MENAFATF plenary and working group meetings (Kuwait)	Head of Delegation
	The Association of Insurance Companies in Lebanon (ACAL)	Conference on “Digitalization in Insurance: a Threat or an Opportunity” (Beirut, Lebanon)	Participant
	Egmont Group	Egmont Committee Intersessional Meeting (Geneva, Switzerland)	Working meetings
	FATF	FATF Plenary and Working Groups meetings (Valencia, Spain)	Participant
3 <sup>rd</sup> Q'17	Egmont Group	Egmont Plenary and Working Groups meetings (Macao SAR, China)	Head of Delegation
	UNODC	The 8 <sup>th</sup> session of the Implementation Review Group on the Prevention of Corruption (Vienna, Austria)	Participant
	UNODC	The 11 <sup>th</sup> meeting of the Open-Ended Intergovernmental Working Group on Asset Recovery (Vienna, Austria)	Speaker
	SIC/Global Center on Cooperative Security /Ministry of Foreign Affairs of Denmark	Awareness Raising Forum: Engaging with reporting entities in Lebanon on AML/CFT Obligations per Law No. 44 (Beirut, Lebanon)	Opening speech
	SIC/Financial Integrity Network (FIN)	A training course on global sanctions risk management (Beirut, Lebanon)	Opening speech
4 <sup>th</sup> Q'17	UAB/SIC	The Annual Forum of Heads of AML/CFT Compliance Units in Arab Banks and Financial Institutions (Beirut, Lebanon)	Opening speech
	Cash United	Conference on Compliance (Beirut, Lebanon)	Opening speech
	SIC /ISF / Al-Iktissad Wal-Aamal Group	3 <sup>rd</sup> Anti-Cybercrime Forum (Beirut, Lebanon)	Opening speech
	UNODC	The 7 <sup>th</sup> session of the Conference of the States Parties to the United Nations Convention against Corruption (UNCAC) (Vienna, Austria)	Speaker
	UNODC	The resumed 8 <sup>th</sup> session of the Implementation Review Group on the Prevention of Corruption (Vienna, Austria)	Participant
	UNODC	The 6 <sup>th</sup> meeting of the Open-ended Intergovernmental Expert Meeting on International Cooperation (Vienna, Austria)	Participant
	MENAFATF	The 26 <sup>th</sup> MENAFATF plenary and working group meetings (Manama, Bahrain)	Head of Delegation





During the Macao 2017 Egmont Group Plenary meeting, the World Bank-UNODC Stolen Asset Recovery Initiative presented, for the first time, a StAR Award of Excellence to the SIC and to another FIU. Both were recognized for investigating, freezing, and also for the successful repatriation of corruption related funds.

# Selection of Typologies

## TERRORISM FINANCING

**Report (STR):** A local bank filed a suspicious transaction report on three related customers whose accounts reflected an unusual and similar pattern of multiple cash deposits followed later on by ATM cash withdrawals in a country bordering the ISIL conflict zone. When the bank asked for clarification, the customers stated that it was done to avoid travelling with cash. The bank requested that the customers stop this activity and provide further supporting documents to justify the source of cash deposits. The customers provided no additional supporting documents and refrained from using the accounts that were later closed.

**Analysis and Investigation:** The SIC initiated its investigation by circulating the names of the suspects to all banks and financial institutions operating in Lebanon in an effort to identify whether or not they had transactions or maintained other bank accounts. Two banks reported having accounts for the suspects and a money remittance company provided information on transactions. The analysis performed on the suspects' statements of accounts reflected cash deposits and ATM cash withdrawals abroad, along with other types of transactions.

**Subsequent Measures:** Since similar transactions have been associated with TF indicators according to typology reports and studies undertaken by international bodies, the SIC decided to forward the findings to the General Prosecutor for further investigation. Simultaneously, the SIC also contacted a counterpart FIU on the matter, providing it with the information at hand and seeking information on the suspects.

## TERRORISM FINANCING

**Report (STR):** A suspicious transaction report was filed with the SIC after the AML/CFT compliance officer of a local bank came across media reports that revealed the name of a suicide bomber who was arrested by law enforcement authorities before carrying out his attack. The 25-year-old Lebanese national wore an explosive belt, walked into a popular coffee shop filled with people in Beirut where undercover officers struggled with him before being able to arrest him.

**Analysis and Investigation:** The SIC initiated its investigation by obtaining all available bank records including the KYC form, bank statements and copies of identification documents from the reporting bank, and also circulated the suspect's name to all banks and FIs operating in Lebanon. One additional bank account was identified. The analysis of the accounts revealed that they had small balances, and that their activity consisted mainly of salary domiciliation and of small cash deposits followed by cash withdrawals. During this period, and while under interrogation by law enforcement authorities, the apprehended suicide bomber confessed of his association with ISIL. He was also identified to have taken part in previous clashes between Lebanese armed forces and terrorists back in 2013.

**Subsequent Measures:** The SIC decided to lift banking secrecy and freeze the identified accounts. Findings were forwarded to the General Prosecutor for further investigation.

## CORRUPTION



**Report (STR):** A local bank filed a suspicious transaction report with the SIC on a customer who was a previous government employee. The bank became suspicious of the customer's account after a number of transactions seemed inconsistent with his profile, and after not receiving any justifications or supporting documents regarding multiple cash deposits that were under the threshold. Furthermore, an article in a newspaper mentioned the name of the customer among other names as being accused of receiving bribes to secure unlawful employment in a governmental agency.

**Analysis and Investigation:** The SIC initiated its investigation by obtaining from the reporting bank all available records including the KYC form, bank statements and copies of identification documents. The analysis revealed that in addition to the increase in cash deposits, most of the checks deposited in the account were from unrelated parties, including from a person subject to a previous STR filed by a bank. During the investigation, the SIC received a request of assistance from a judicial authority on the suspect for soliciting and taking bribes, seeking the SIC assistance in identifying bank accounts. With the findings at hand, the SIC decided to circulate the suspect's name to all banks and financial institutions operating in Lebanon, and contacted several other national agencies, including the real estate register.

**Subsequent Measures:** The SIC froze the balances of the identified bank accounts, placed an encumbrance on properties owned by the suspect, requested from all money remittance companies not to perform any transaction for the suspect, and the findings were forwarded to the General Prosecutor for further investigation.

## CYBERCRIME



**Report (STR):** The SIC received from a local bank a suspicious transaction report concerning a customer who instructed the bank to execute a cross border transfer to a European based supplier who maintained an account with a foreign bank. Following the execution of the transfer, the customer who frequently has business dealings with foreign suppliers of material discovered that the supplier's email was compromised, and that the payment instructions he acted on originated from a hacker.

**Analysis and Investigation:** The SIC initiated its investigation by reviewing all bank records, documents and invoices submitted by the reporting bank and decided to contact a European FIU to seek information on the foreign bank account that received the transfer. The information gathered from the counterpart FIU indicated that the account was for an individual who was subject to an ongoing money laundering investigation, and was not for the intended supplier. The counterpart FIU stated that the amount of the transfer was blocked following a police investigation and that they await a written request from the victim requesting the funds to be returned.

**Subsequent Measures:** The SIC forwarded to the counterpart FIU a copy of the law suit filed against the hacker that described the case, and also a written request from the customer asking for the transferred amount to be returned. As a result of the SIC cooperation with its counterpart FIU, the funds were seized and returned. The entire investigation findings were also forwarded to the General Prosecutor.

## EMBEZZLEMENT OF PRIVATE FUNDS



**Report (ROA):** The Special Investigation Commission received a request of assistance from the Lebanese General Prosecutor concerning two suspects who colluded in order to embezzle funds. In preparation for their scam, they used forged documents, and signed a contract with the victim highlighting terms and conditions for the sale of real estate. The victim was required to pay six million U.S dollars for the purchase of the said real estate. After providing the suspects with several payments as a step towards the transfer of ownership, the victim realized that the sale contract was dubious and that the suspects were not authorized to sell the property. Banking information among other things was needed to complement the ongoing investigation.

**Analysis and Investigation:** The name of one of the suspects was already on the SIC database due to a filed STR on an account which reflected transactions inconsistent with his profile. The SIC decided to widen its investigation by circulating the names of the two suspects to all banks and financial institutions operating in Lebanon. Several bank accounts were identified. An analysis was carried out on the obtained bank records, and the statements reflected several checks issued from the victim being deposited into the two suspects' accounts at several banks. This was followed by cash withdrawals, checks and transfers.

**Subsequent Measures:** As a precautionary measure, the SIC froze the balances of the identified accounts, lifted banking secrecy and also provided the General Prosecutor with the findings to complement the ongoing investigation.

## HEALTH CARE FRAUD



**Report (ROA):** The SIC received a request of assistance from a counterpart FIU concerning a suspect and a healthcare company. The requesting FIU was seeking assistance on behalf of a law enforcement agency investigating a health care fraud case in which fraudulent claims for reimbursement were submitted to a government healthcare agency. Illicit Proceeds resulting from the said fraudulent activities were obtained and transferred from abroad via several accounts to a bank account in Lebanon. This was done to conceal the source of the funds.

**Analysis and Investigation:** The SIC investigated the case and the findings revealed that the suspect maintained a bank account in Lebanon. The analysis of the obtained bank statement revealed that a wire transfer originating from abroad was received and seemed to be connected to the case.

**Subsequent Measures:** The SIC decided to lift banking secrecy, freeze the funds, and forward the findings to the General Prosecutor. The information at hand was also shared with the counterpart FIU that was informed of the need for a mutual legal assistance request to recover the funds.

## INSIDER TRADING



**Report (STR):** A bank filed with the Special Investigation Commission a suspicious transaction report after becoming aware of an investigation being carried out by a foreign financial market authority pertaining to insider information based on which a decision to purchase securities was made by a customer.

**Analysis and Investigation:** The SIC initiated its investigation by obtaining from the reporting bank all relevant records relating to the purchase of securities and to the concerned customer. The review of the documents revealed that the said customer had bought securities, and a few days later, a takeover of a company by another was announced. As a result, the value of the securities significantly increased and the customer profited after selling the shares.

**Subsequent Measures:** The SIC decided to freeze the amount resulting from the transactions and to await for a court decision in this respect. The details of the case were also shared locally with the Lebanese financial market authority.



**International & Regional  
Organizations**



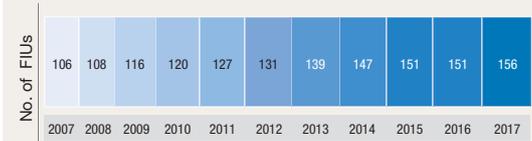
Chapter

# About the Egmont Group

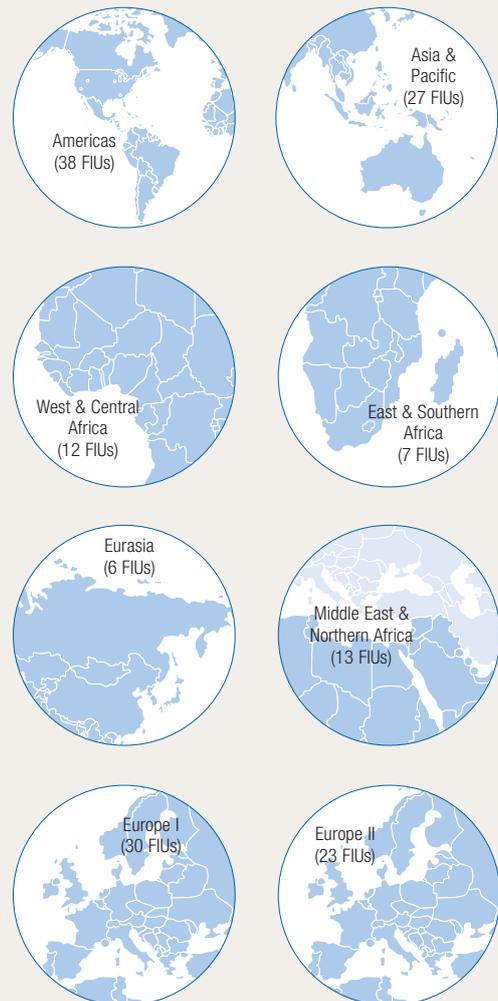
Egmont-Arenberg Palace  
Brussels, Belgium



- The Egmont Group of Financial Intelligence Units (EG) was formed in 1995 and derived its name from the “Egmont-Arenberg Palace” in Brussels–Belgium where the first meeting was held.
- The EG is a non-political international forum of operational Financial Intelligence Units (FIUs).
- The EG goal is to provide a forum for FIUs to improve cooperation in the fight against money laundering and terrorism financing.
- The EG member FIUs must meet the FATF definition of an FIU and have full operational status.
- The EG has grown from 13 FIUs in 1995 to 156 FIUs by year-end 2017.
- The EG comprises 13 FIUs from the MENA region.
- The EG operating structure is comprised of: the Heads of FIUs (HoFIUs), the Chair of the EG, the Egmont Committee (EC), the Working and Regional Groups, and the Secretariat.
- The EG governing body is the HoFIUs and their decisions are taken by consensus.
- The Egmont Committee serves as a consultative and coordination body for the HoFIUs.
- There are four Working Groups within the EG, each has a Chair and Vice Chairs:
  - Information Exchange on ML/TF WG
  - Membership, Support & Compliance WG
  - Policy & Procedures WG
  - Technical Assistance & Training WG
- There are eight Regional Groups within the EG:
  - Asia & Pacific
  - Americas
  - Europe I
  - Europe II
  - East & Southern Africa
  - West & Central Africa
  - Middle East & Northern Africa
  - Eurasia
- The Egmont Secure Web (ESW) is the electronic communication system that allows encrypted sharing of e-mails, financial intelligence and other information among EG member FIUs.
- The Egmont Group Secretariat (EGS) is located in Toronto-Canada and provides strategic, administrative and other support to the EG activities.
- The EG has its own charter as well as principles for information exchange that were last updated in July 2013 in the South Africa EG plenary.



EG – FIU Membership Growth (2007–2017)



EG – Regional Distribution of FIUs

- The SIC joined the EG in 2003, and was among the first from the MENA region.
- The SIC is active in the work of EG Working Groups.
- The SIC co-sponsored a number of MENA FIUs to obtain EG membership, and has also provided technical assistance to FIUs.
- The SIC participated in the Charter Review Project and in the Task Team that worked on the implementation of the EG Strategic Plan for 2014–2017.
- In January 2015, the SIC Secretary General was elected as the MENA Regional Representative. The main roles and functions of the Regional Representatives include with respect to their regions the following:
  - Representing their regions in the EC, and communicating FIUs developments, views and interests to the EC.
  - Developing a regional action plan in coordination with FIUs and ensuring its effective implementation.
  - Facilitating & coordinating training and technical assistance for FIUs as needed.
  - Assisting in identifying, where applicable, possible sponsors for candidate FIUs.
  - Engaging, as appropriate, in all aspects of the Support & Compliance Process.
- In June 2015, the SIC Secretary General was appointed as Vice Chair of the Egmont Committee. The main roles and functions of the EC Vice Chairs include:
  - Supporting and advising the EG Chair on matters affecting the EG.
  - Representing the EG in ceremonial duties as needed.
  - Acting as a Chair in the absence of the EG Chair.
- In 2016, the SIC joined the team working on the “Egmont Centre of FIU Excellence and Leadership (ECOFEL)” project.
- In July 2017, and during the Macao Egmont Group Plenary meeting:
  - The SIC Secretary General was re-elected as the EG MENA Regional Representative for a second consecutive term of two-years. The SIC Secretary General was also re-appointed as Vice Chair of the Egmont Committee.
  - The World Bank-UNODC Stolen Asset Recovery Initiative presented, for the first time, a StAR Award of Excellence to the SIC and to another FIU. Both were recognized for investigating, freezing, and also for the successful repatriation of corruption related funds.

# About MENAFATF

- MENAFATF is a FATF Style Regional Body (FSRB) established in 2004 at an inaugural meeting held in Bahrain. It is independent from any other international body or organization, and is voluntary and co-operative in nature.
- MENAFATF member countries are committed to a Memorandum of Understanding that aims to achieve the following main objectives:
  - Adopt & implement FATF 40 recommendations
  - Cooperate among each other to raise compliance with FATF standards within the MENA region and cooperate with other international & regional organizations to improve compliance
  - Work jointly to identify issues of regional nature related to ML & TF, and to share relevant experiences & develop solutions for dealing with them
- MENAFATF member countries also commit to participate in mutual evaluation programs which the Plenary adopts, and to participate in other MENAFATF activities.
- MENAFATF sets its own work, regulations and procedures and cooperates with other international bodies, notably the FATF, to reach its objectives.
- MENAFATF decisions are taken in the Plenary meeting either unanimously or by consensus.
- Membership has grown from 14 countries in 2004 to 19 countries by year-end 2017.
- There are two Working Groups (WGs) within MENAFATF:
  - Technical Assistance and Typologies Working Group (TATWG)
  - Mutual Evaluation Working Group (MEWG)
- Observer countries are:
  - Republic of France
  - United States of America
  - United Kingdom of Great Britain & Northern Ireland
  - Kingdom of Spain
  - Australia
- Observer institutions / organizations are:
  - International Monetary Fund
  - World Bank
  - Co-operation Council for the Arab States of Gulf
  - Financial Action Task Force
  - Egmont Group of FIUs
  - Asia / Pacific Group on Money Laundering
  - World Customs Organization
  - Arab Monetary Fund
  - Eurasian Group on combating money laundering and financing of terrorism
  - United Nations
- MENAFATF Secretariat is headquartered in the Kingdom of Bahrain.
- MENAFATF is an Associate Member of FATF, a status shared with eight other FSRBs.

## Member Countries are:



Arab Republic of Egypt



Hashemite Kingdom of Jordan



Islamic Republic of Mauritania



Kingdom of Bahrain



Kingdom of Morocco



Kingdom of Saudi Arabia



Lebanese Republic



People's Democratic Republic of Algeria



Republic of Iraq



Republic of Sudan



Republic of Tunisia



Republic of Yemen



State of Kuwait



State of Libya



State of Palestine



State of Qatar



Sultanate of Oman



Syrian Arab Republic



United Arab Emirates

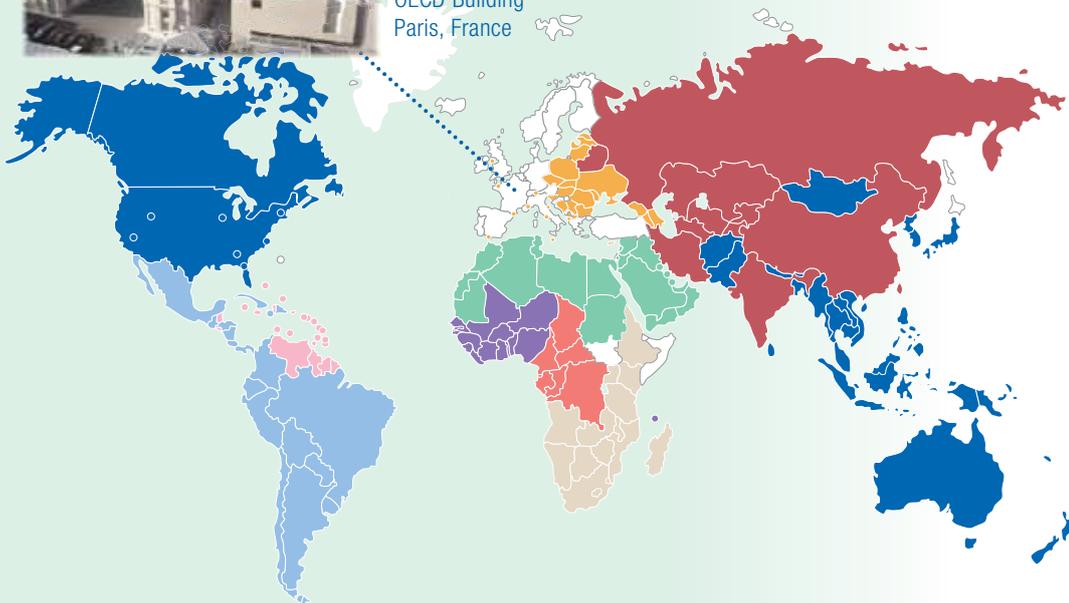
# SIC & the MENAFATF

- Lebanon is a founding member of MENAFATF, it played an important role in its creation, and assumed its first year Presidency in 2005.
- The SIC represents Lebanon in MENAFATF.
- The SIC is actively involved in MENAFATF Working Groups activities & projects.
- The SIC participates in the MENAFATF delegation to FATF Plenary and WG meetings.
- In 2009, MENAFATF carried an assessment of Lebanon's AML/CFT regime and adopted Lebanon's Mutual Evaluation Report (MER). Nine follow-up progress reports were submitted by the SIC pursuant to the said MER.
- Assessors from Lebanon participated in mutual evaluation missions of several MENA countries.
- In 2017, Lebanon represented by the SIC, assumed the Vice Presidency of MENAFATF, and is expected to assume the Presidency in 2018.



## FATF Style Regional Bodies (FSRBs)

FATF offices –  
OECD Building  
Paris, France



Asia Pacific Group (APG)  
(41 member countries)

Eastern and Southern Africa Anti-Money  
Laundering Group (ESAAMLG)  
(18 member countries)

Inter Governmental Action Group  
against Money Laundering  
in West Africa (GIABA)  
(17 member countries)

Caribbean Financial Action  
Task Force (CFATF)  
(25 member countries)

Groupe d'Action contre le blanchiment  
d'Argent en Afrique Centrale (GABAC)  
(7 member countries)

Middle East and North Africa Financial  
Action Task Force (MENAFATF)  
(19 member countries)

Eurasian Group (EAG)  
(9 member countries)

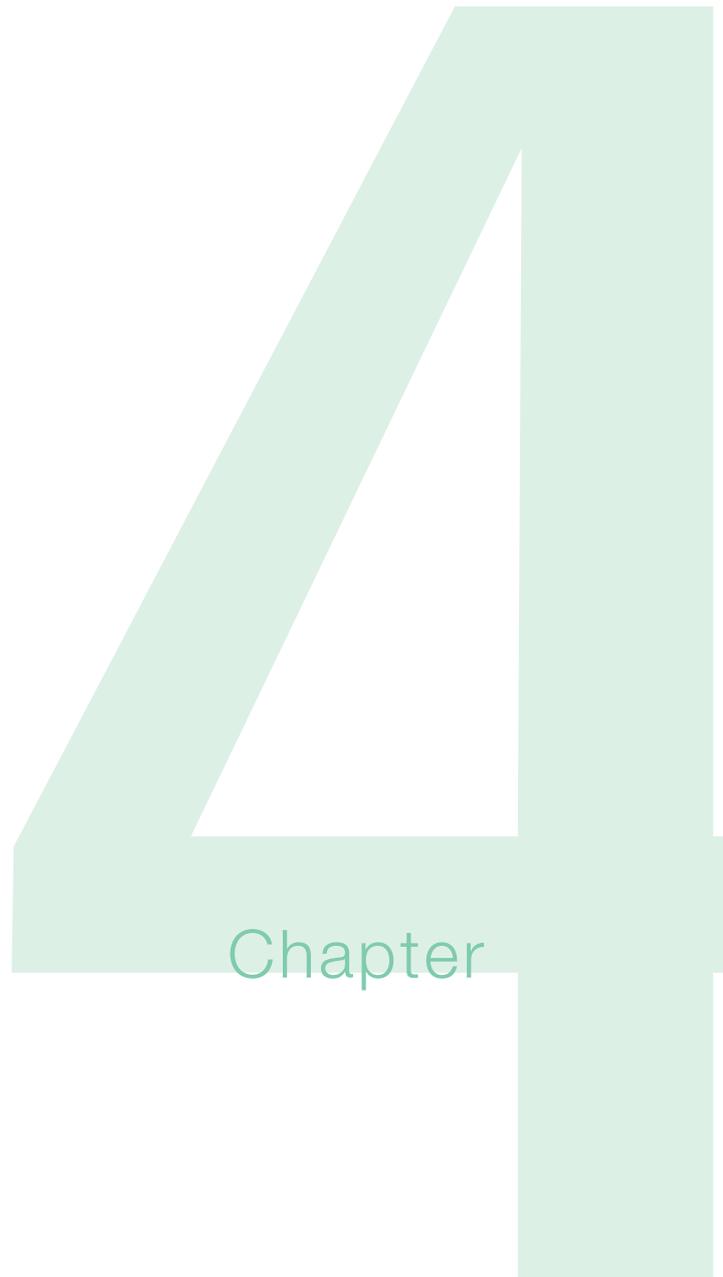
Financial Action Task Force of  
Latin America (GAFILAT)  
(17 member countries)

Committee of Experts on  
the Evaluation of Anti-Money  
Laundering Measures (MONEYVAL)  
(34 member countries)

■ **Note:** Russia is also a member of MONEYVAL while China & India are also members of APG



# **National Committees**



Chapter

# Role of the **National Committee** for Coordinating **AML Policies**

As is the case for all inter-agency committees, the National Committee for Coordinating AML Policies plays an important role in addressing challenges and fostering coordination among Lebanese agencies involved in the fight against money laundering. This Committee serves as a forum to exchange views and suggestions leading up to the adoption and constant review of a national AML strategy that aims to enhance Lebanon's AML regime. Moreover, it serves as a platform for follow up to ensure that the said strategy is being implemented.

In addition, keeping track of evolving AML international standards and recommending how such standards should be tailored and integrated into laws, regulations or best practices, not to mention addressing points highlighted in Lebanon's mutual evaluation report remain at the core of the Committee's work and a top priority in its yearly meetings.



**Dr. Muhammad Baasiri**  
Vice Governor

## **MILESTONES**

- Suggested by the Governor of Banque du Liban in September 2002.
- Established by the Lebanese Council of Ministers in October 2002.
- Comprised of Banque du Liban's Vice Governor as Chair, with members including the SIC Secretary General, representatives from the General Prosecutor, Banking Control Commission, Customs Directorate and the Internal Security Forces.
- Assigned with tasks including improving coordination among concerned national authorities.
- Chaired by Banque du Liban's Vice Governor Dr. Marwan Nsouli (2002–2008).
- Suggested expansion to include additional authorities as members made by the Governor of Banque du Liban in August, 2007.
- Expanded by the Lebanese Council of Ministers in September 2007 to include representatives from the Ministry of Justice, Ministry of Finance, Ministry of Interior & Municipalities, Ministry of Foreign Affairs, Ministry of Economy & Trade and Beirut Stock Exchange.
- Chaired by Banque du Liban's Vice Governor Dr. Muhammad Baasiri (2009–present).
- Established its Secretariat in 2009.

# Role of the **National Committee** on Suppressing **Terrorism Financing**

With the threat of “terrorism finance” on the rise and with the negative impact that such a crime has on countries, their financial sectors, and societies at large, the Lebanese Council of Ministers established in 2007 the National Committee on Suppressing Terrorism Financing. This was done to ensure that concerned national agencies are doing their best to fight and keep away this phenomenon.

Bringing together professionals on the matter to share expertise, knowledge and keep track of evolving international standards is of utmost concern to the Committee. Since its establishment, the Committee’s yearly meetings focus on recommending to the Council of Ministers actions that aim to keep the country’s “CFT” efforts at par with the international standards. This includes addressing the findings highlighted in Lebanon’s Mutual Evaluation Report including on non-profit organizations, and addressing identified TF risks.



**Major General Imad Osman**  
**Director General of the Lebanese**  
**Internal Security Forces**

## **MILESTONES**

- Suggested by the Governor of Banque du Liban in August 2007.
- Established by the Lebanese Council of Ministers in September 2007.
- Headed by the Ministry of Interior & Municipalities and includes members representing the Ministry of Justice, Ministry of Finance, Ministry of Foreign Affairs, General Prosecutor Office, Special Investigation Commission and Banque du Liban.
- Chaired by the representative of the Ministry of Interior & Municipalities, the Director General of the Lebanese Internal Security Forces, Gen. Ashraf Rifi, (2007–2013).
- Established its Secretariat in 2008.
- Chaired by the representative of the Ministry of Interior & Municipalities, the Director General of the Lebanese Internal Security Forces, Gen. Ibrahim Basbous, (2013–2017).
- Adopted in December 2015 two Targeted Financial Sanctions Mechanisms for UNSCRs 1267 & 1373 in accordance with FATF Recommendation No.6.
- Chaired by the Director General of the Lebanese Internal Security Forces, Major General Imad Osman since March 2017.

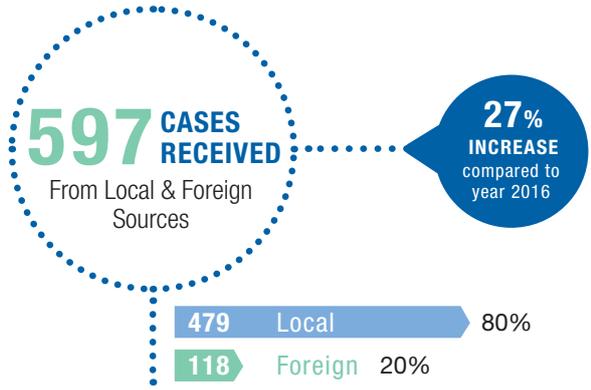


# SECTION II

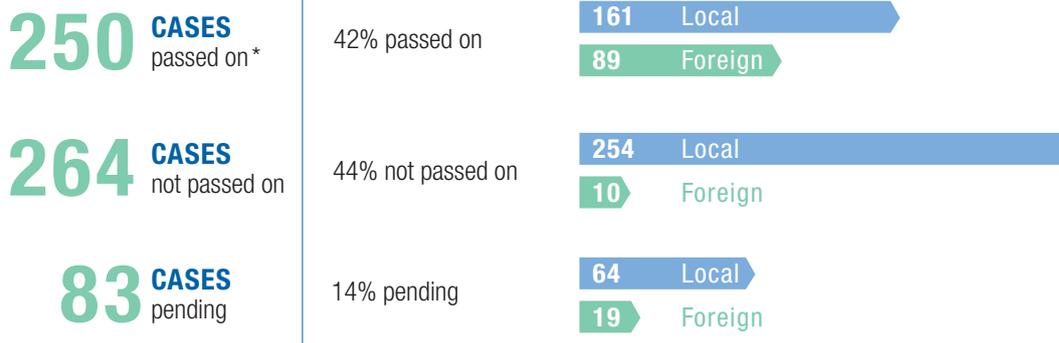
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# Cases Received



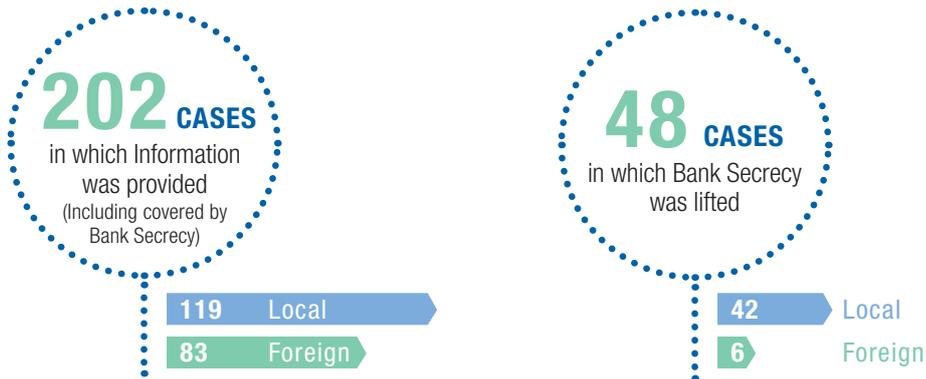
## STATUS OF RECEIVED CASES



\* Cases forwarded to GP and/or requesting authorities

**Note:** The 71 pending cases mentioned in year 2016 annual report were resolved in 2017 as follows: 50 Passed on and 21 not passed on.

# Bank Secrecy Lifted & Information Provided



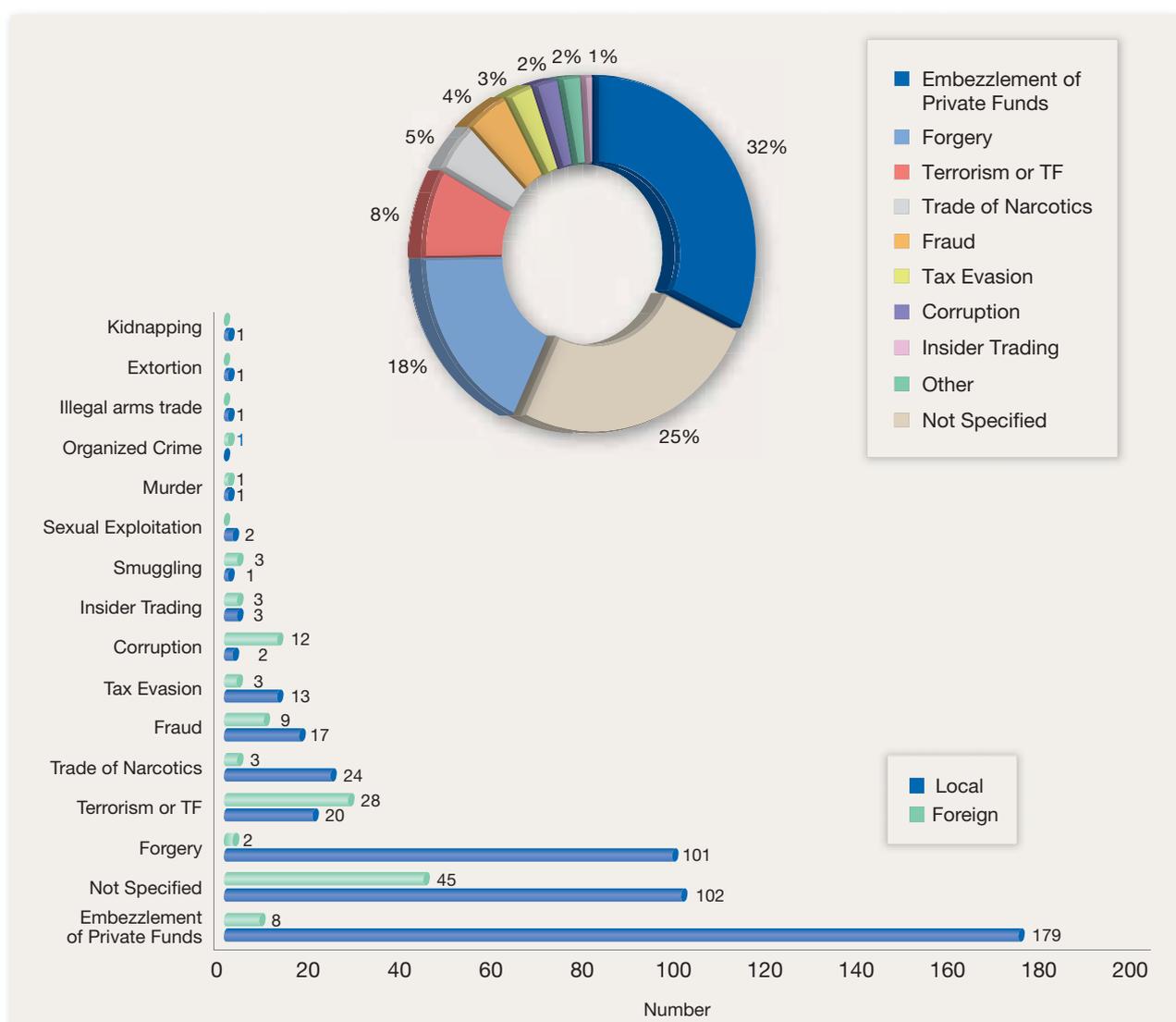
	Received Cases		Investigated Cases		Passed on*				Pending Cases	
	Number	Number	% of Received Cases	Information Provided (Including covered by Bank Secrecy)		Bank Secrecy Lifted		Number	% of Received Cases	
				Number	% of Investigated Cases	Number	% of Investigated Cases			
Local	479	415	86.6%	119	28.7%	42	10.1%	64	13.4%	
Foreign	118	99	83.9%	83	83.8%	6	6.1%	19	16.1%	
<b>Total</b>	<b>597</b>	<b>514</b>	<b>86.1%</b>	<b>202</b>	<b>39.3%</b>	<b>48</b>	<b>9.3%</b>	<b>83</b>	<b>13.9%</b>	

\* Cases forwarded to GP and/or requesting authorities

# Breakdown of Cases by Predicate Offence\*

	Local Cases	Foreign Cases	Total Cases	% of Total
Embezzlement of Private Funds	179	8	187	31.9%
Forgery	101	2	103	17.6%
Terrorism or TF	20	28	48	8.2%
Trade of Narcotics	24	3	27	4.6%
Fraud	17	9	26	4.4%
Tax Evasion	13	3	16	2.7%
Corruption	2	12	14	2.4%
Insider Trading	3	3	6	1.0%
Smuggling	1	3	4	0.7%
Sexual Exploitation	2	0	2	0.3%
Murder	1	1	2	0.3%
Organized Crime	0	1	1	0.2%
Illegal arms trade	1	0	1	0.2%
Extortion	1	0	1	0.2%
Kidnapping	1	0	1	0.2%
Not Specified	102	45	147	25.1%
<b>Total</b>	<b>468</b>	<b>118</b>	<b>586</b>	<b>100%</b>

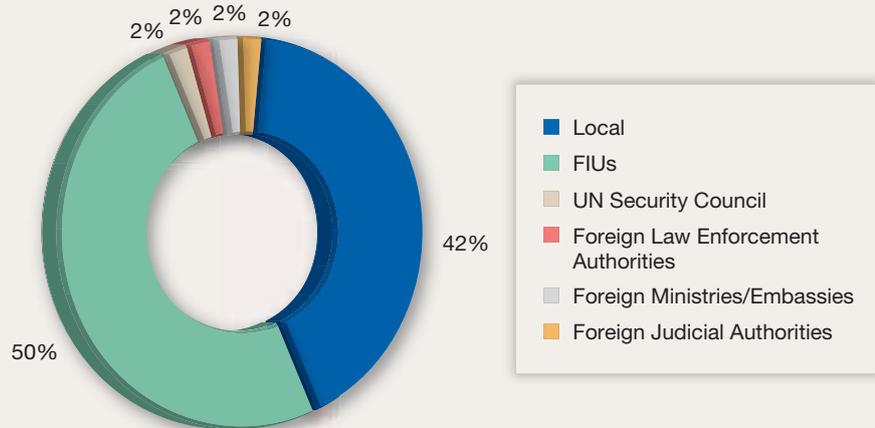
\*Excluding 11 Banking Control Commission Administrative Assistance Cases.



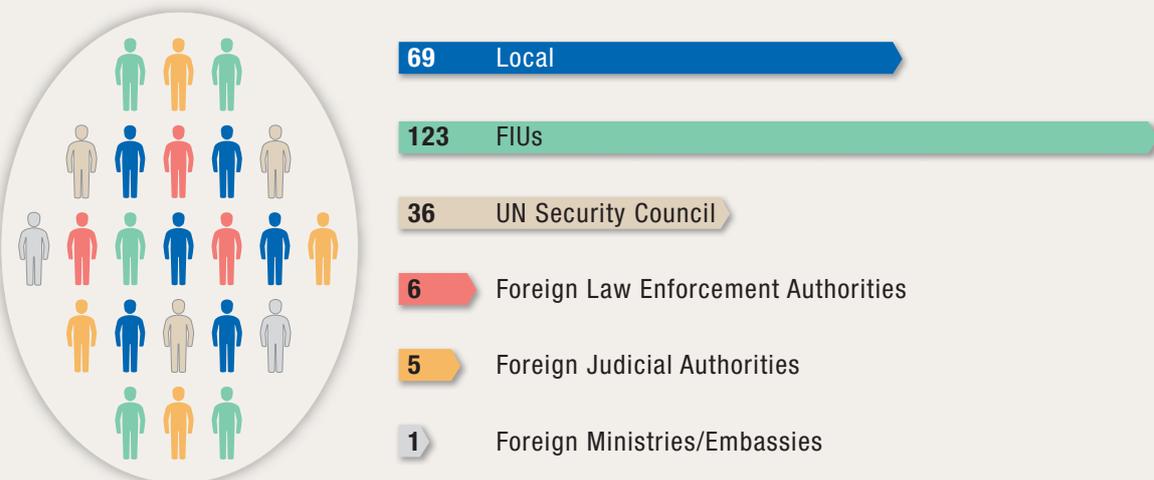
# Terrorism or Terrorism Finance Related Cases

	Received		Investigated		Passed on		Pending	
	No. of Cases	No. of Suspects	No. of Cases	% of Received	No. of Cases	% of Received	No. of Cases	% of Received
Banks	4	5	4	100.0%	3	75.0%	0	0.0%
Money Remittance Companies	2	2	2	100.0%	2	100.0%	0	0.0%
Insurance Companies	1	1	1	100.0%	0	0.0%	0	0.0%
Police	12	60	10	83.3%	10	83.3%	2	16.7%
Ministries	1	1	0	0.0%	0	0.0%	1	100.0%
<b>Total Local</b>	<b>20</b>	<b>69</b>	<b>17</b>	<b>85.0%</b>	<b>15</b>	<b>75.0%</b>	<b>3</b>	<b>15.0%</b>
UN Security Council	1	36	1	100.0%	1	100.0%	0	0.0%
Foreign Law Enforcement Authorities	1	6	1	100.0%	1	100.0%	0	0.0%
Foreign Ministries/Embassies	1	1	1	100.0%	1	100.0%	0	0.0%
Foreign Judicial Authorities	1	5	1	100.0%	1	100.0%	0	0.0%
FIUs	24	123	21	87.5%	20	83.3%	3	12.5%
<b>Total Foreign</b>	<b>28</b>	<b>171</b>	<b>25</b>	<b>89.3%</b>	<b>24</b>	<b>85.7%</b>	<b>3</b>	<b>10.7%</b>
<b>Grand Total</b>	<b>48</b>	<b>240</b>	<b>42</b>	<b>87.5%</b>	<b>39</b>	<b>81.3%</b>	<b>6</b>	<b>12.5%</b>

BREAKDOWN BY SOURCE



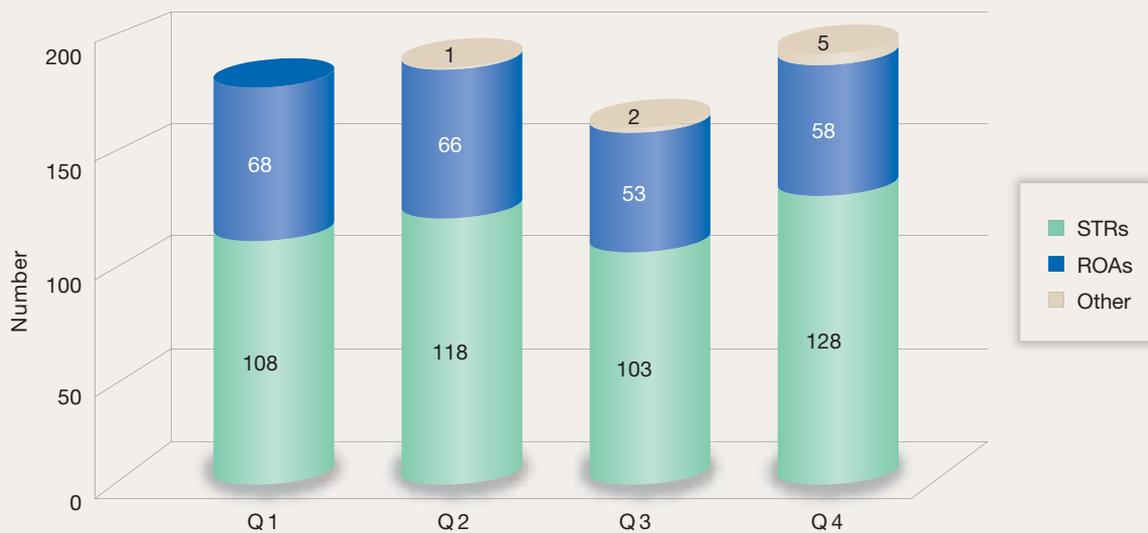
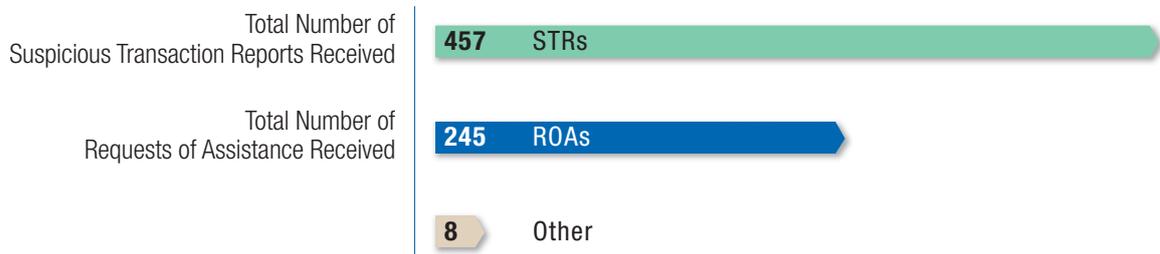
NO. OF SUSPECTS INVOLVED



# Handling Breakdown

	1 <sup>st</sup> Q'17		2 <sup>nd</sup> Q'17		3 <sup>rd</sup> Q'17		4 <sup>th</sup> Q'17		Annual Total	
	No.	% of Q1 Total	No.	% of Q2 Total	No.	% of Q3 Total	No.	% of Q4 Total	No.	% of Annual Total
STRs	108	61.4%	118	63.8%	103	65.2%	128	67.0%	457	64.4%
ROAs	68	38.6%	66	35.7%	53	33.5%	58	30.4%	245	34.5%
Other	0	0.0%	1	0.5%	2	1.3%	5	2.6%	8	1.1%
<b>Total</b>	<b>176</b>	<b>100%</b>	<b>185</b>	<b>100%</b>	<b>158</b>	<b>100%</b>	<b>191</b>	<b>100%</b>	<b>710</b>	<b>100%</b>

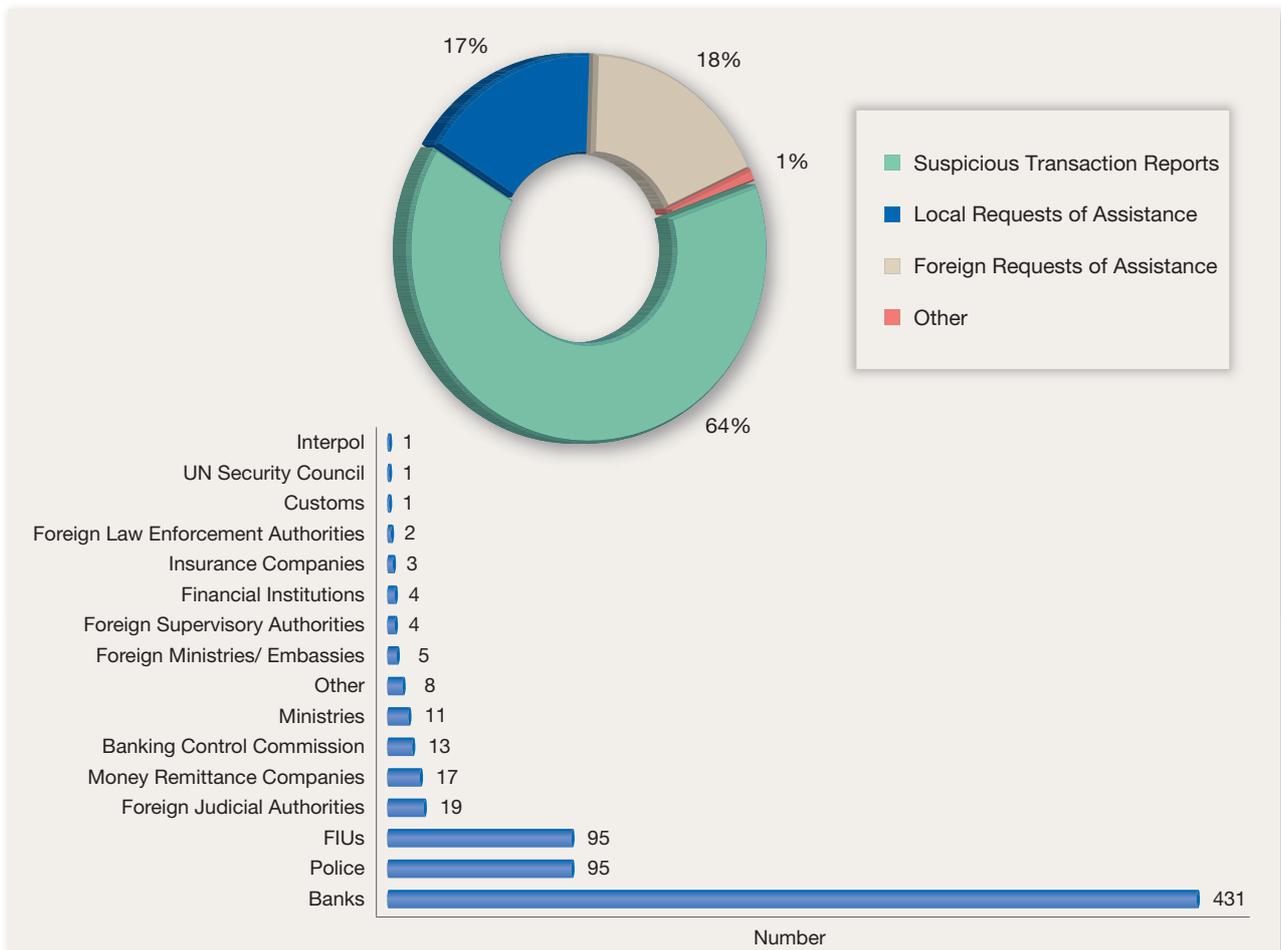
**Note:** The above does not include 188 Spontaneous Disclosures received.



# Breakdown by Source & Type

	Number	% of Grand Total
Banks	431	60.7%
Financial Institutions	4	0.6%
Money Remittance Companies	17	2.4%
Insurance Companies	3	0.4%
Banking Control Commission	2	0.3%
<b>Total Suspicious Transaction Reports</b>	<b>457</b>	<b>64.4%</b>
Police	95	13.4%
Ministries	11	1.5%
Banking Control Commission (Administrative Assistance)	11	1.5%
Customs	1	0.1%
<b>Total Local Requests of Assistance</b>	<b>118</b>	<b>16.6%</b>
FIUs	95	13.4%
Foreign Judicial Authorities	19	2.7%
UN Security Council	1	0.1%
Interpol	1	0.1%
Foreign Supervisory Authorities	4	0.6%
Foreign Law Enforcement Authorities	2	0.3%
Foreign Ministries / Embassies	5	0.7%
<b>Total Foreign Requests of Assistance</b>	<b>127</b>	<b>17.9%</b>
<b>Other (Local/Foreign Source)</b>	<b>8</b>	<b>1.1%</b>
<b>Grand Total</b>	<b>710</b>	<b>100%</b>

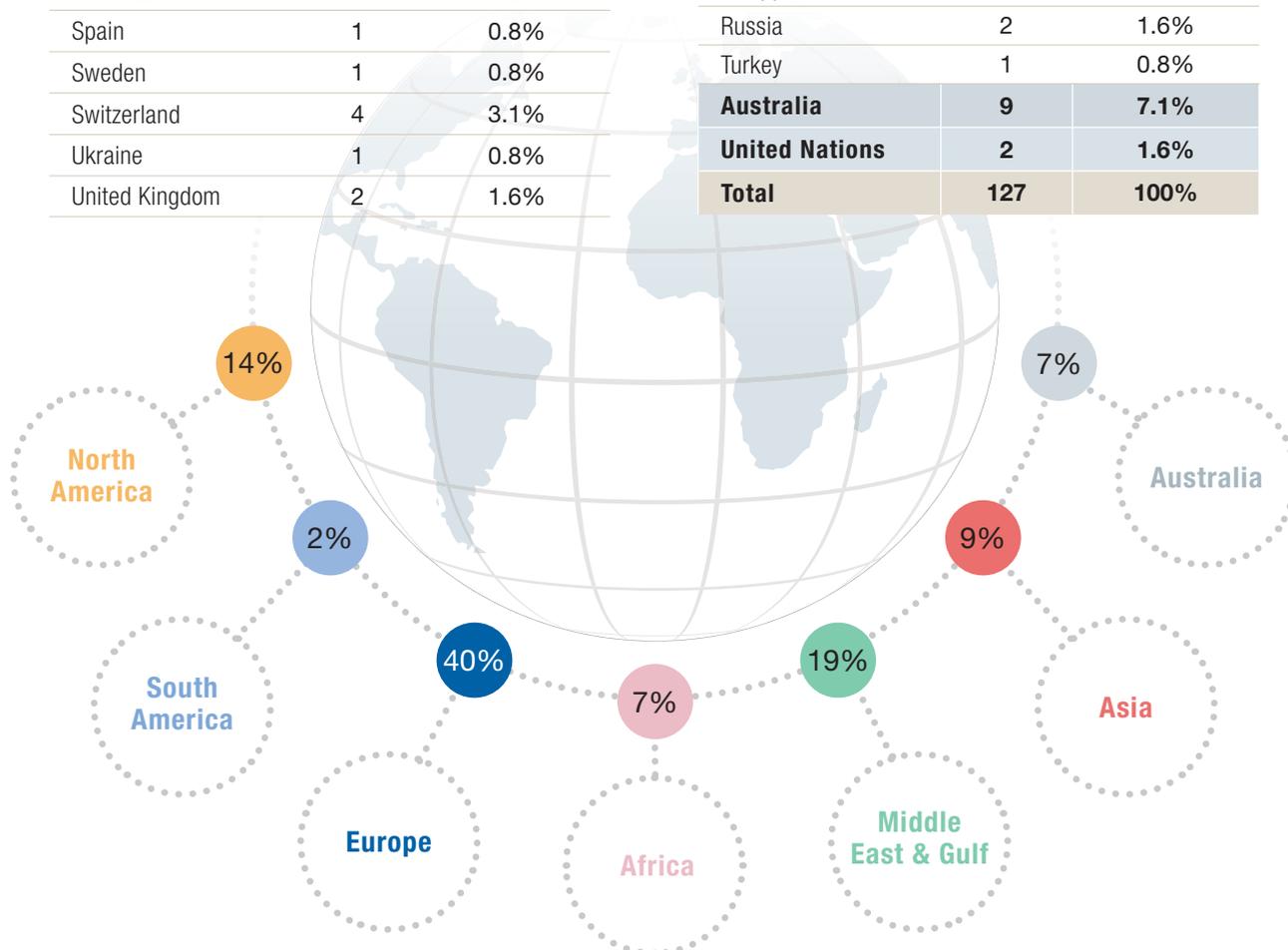
**Note:** The above does not include 188 Spontaneous Disclosures received.



# Source of Foreign ROAs

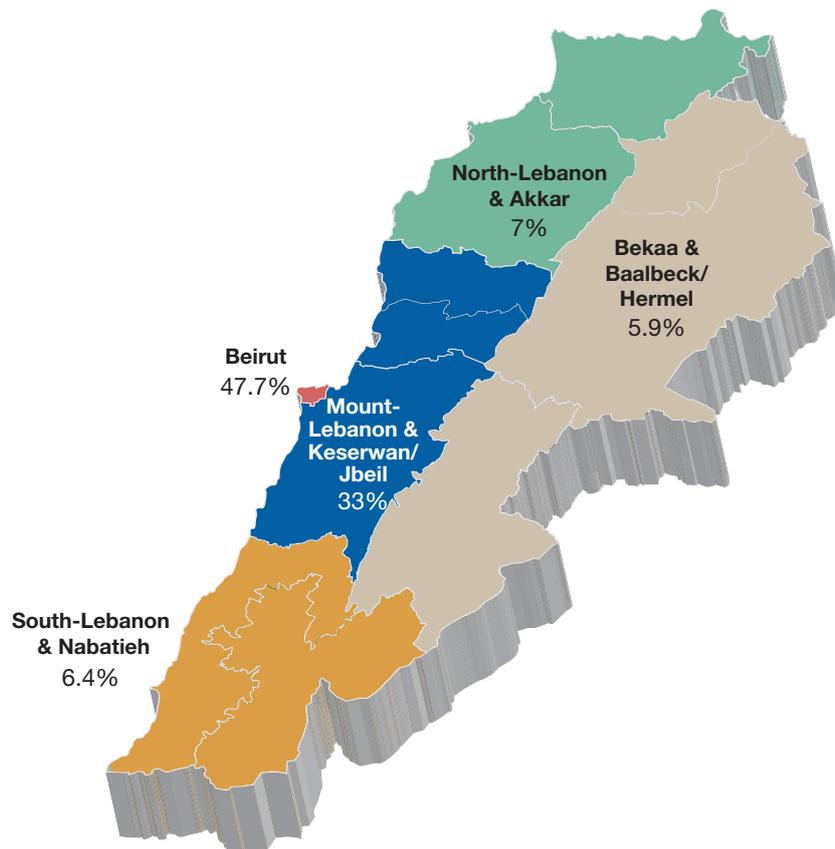
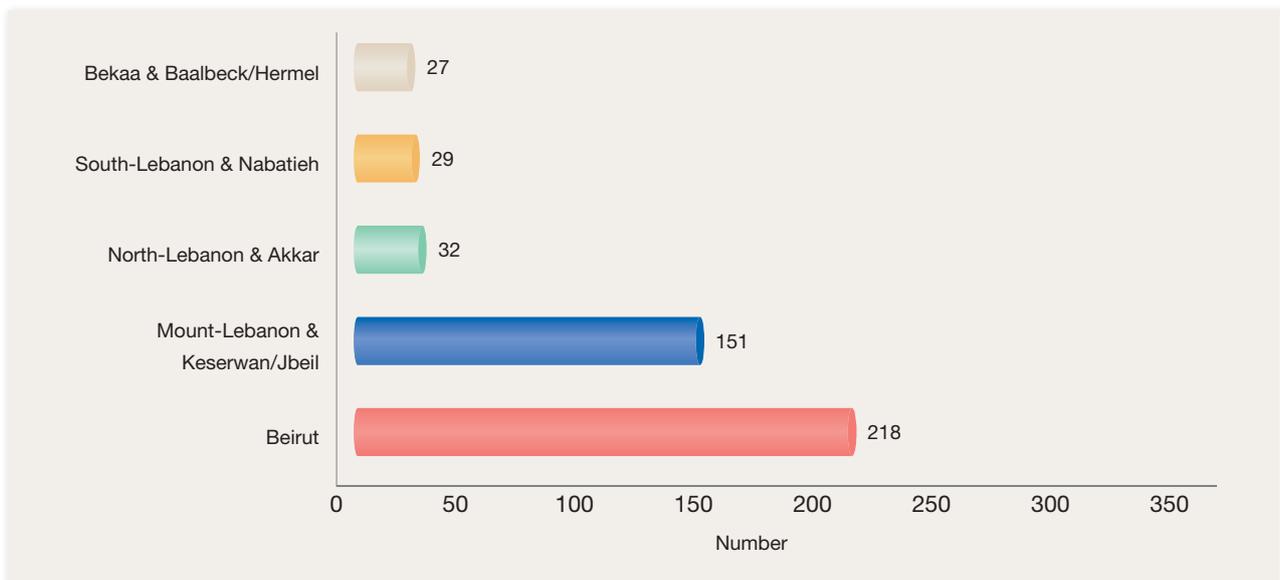
	No. of ROAs	% of Total
<b>North America</b>	<b>18</b>	<b>14.2%</b>
Canada	2	1.6%
United States	16	12.6%
<b>South America</b>	<b>3</b>	<b>2.3%</b>
Paraguay	3	2.3%
<b>Europe</b>	<b>50</b>	<b>39.4%</b>
Armenia	1	0.8%
Belgium	7	5.5%
Bulgaria	2	1.6%
France	12	9.4%
Germany	3	2.3%
Hungary	2	1.6%
Iceland	1	0.8%
Italy	2	1.6%
Latvia	1	0.8%
Luxembourg	1	0.8%
Malta	3	2.3%
Moldova	1	0.8%
Poland	2	1.6%
Romania	2	1.6%
Slovenia	1	0.8%
Spain	1	0.8%
Sweden	1	0.8%
Switzerland	4	3.1%
Ukraine	1	0.8%
United Kingdom	2	1.6%

	No. of ROAs	% of Total
<b>Africa</b>	<b>9</b>	<b>7.1%</b>
Cameroun	2	1.6%
Egypt	1	0.8%
Gabon	3	2.3%
Namibia	1	0.8%
Tunis	1	0.8%
Zimbabwe	1	0.8%
<b>Middle East &amp; Gulf</b>	<b>24</b>	<b>18.9%</b>
Bahrain	1	0.8%
Iraq	7	5.5%
Jordan	2	1.6%
Saudi Arabia	3	2.3%
Syria	9	7.1%
United Arab Emirates	2	1.6%
<b>Asia</b>	<b>12</b>	<b>9.4%</b>
Bangladesh	3	2.3%
Georgia	1	0.8%
India	1	0.8%
Japan	1	0.8%
Kazakhstan	1	0.8%
Malaysia	1	0.8%
Philippines	1	0.8%
Russia	2	1.6%
Turkey	1	0.8%
<b>Australia</b>	<b>9</b>	<b>7.1%</b>
<b>United Nations</b>	<b>2</b>	<b>1.6%</b>
<b>Total</b>	<b>127</b>	<b>100%</b>



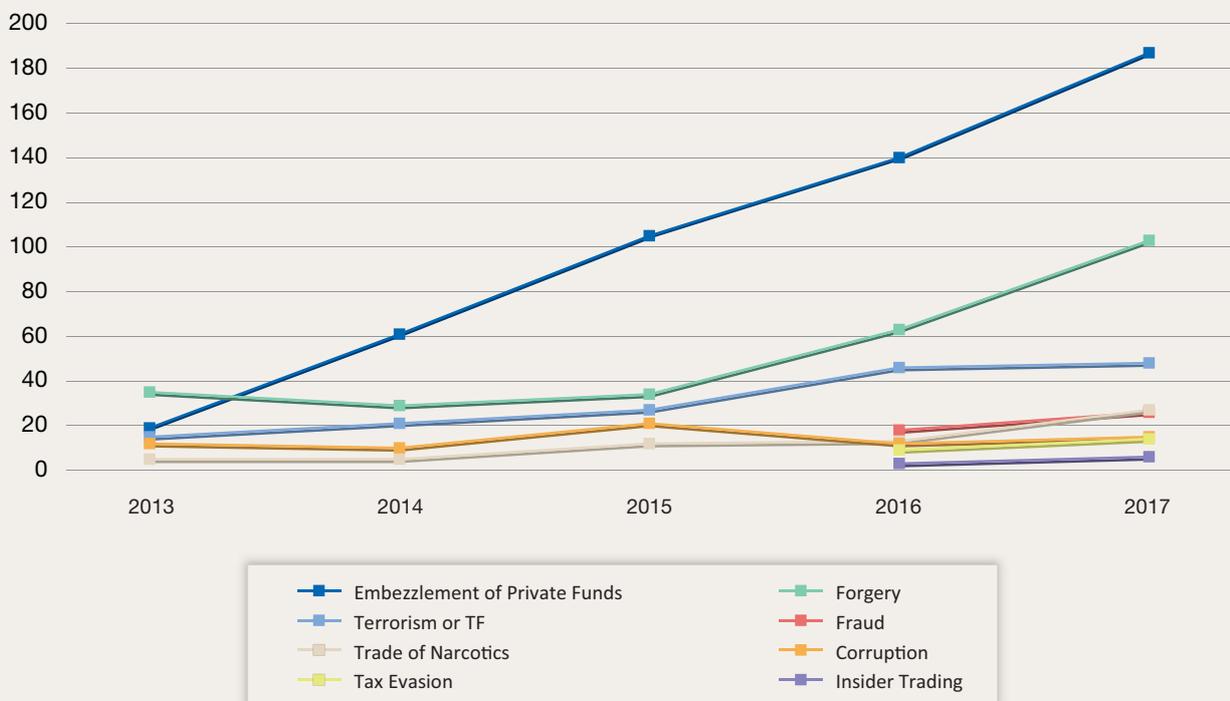
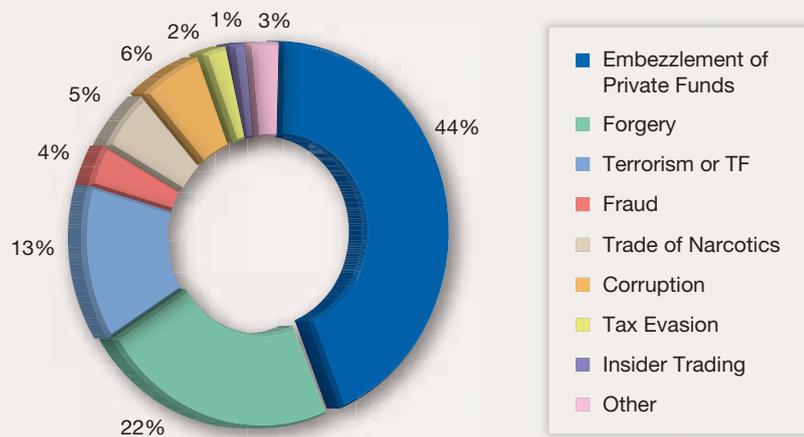
# Geographic Distribution of STRs

	No. of STRs	% of Total
Beirut	218	47.7%
Mount-Lebanon & Keserwan/Jbeil	151	33.0%
North-Lebanon & Akkar	32	7.0%
South-Lebanon & Nabatieh	29	6.4%
Bekaa & Baalbeck/Hermel	27	5.9%
<b>Total</b>	<b>457</b>	<b>100%</b>

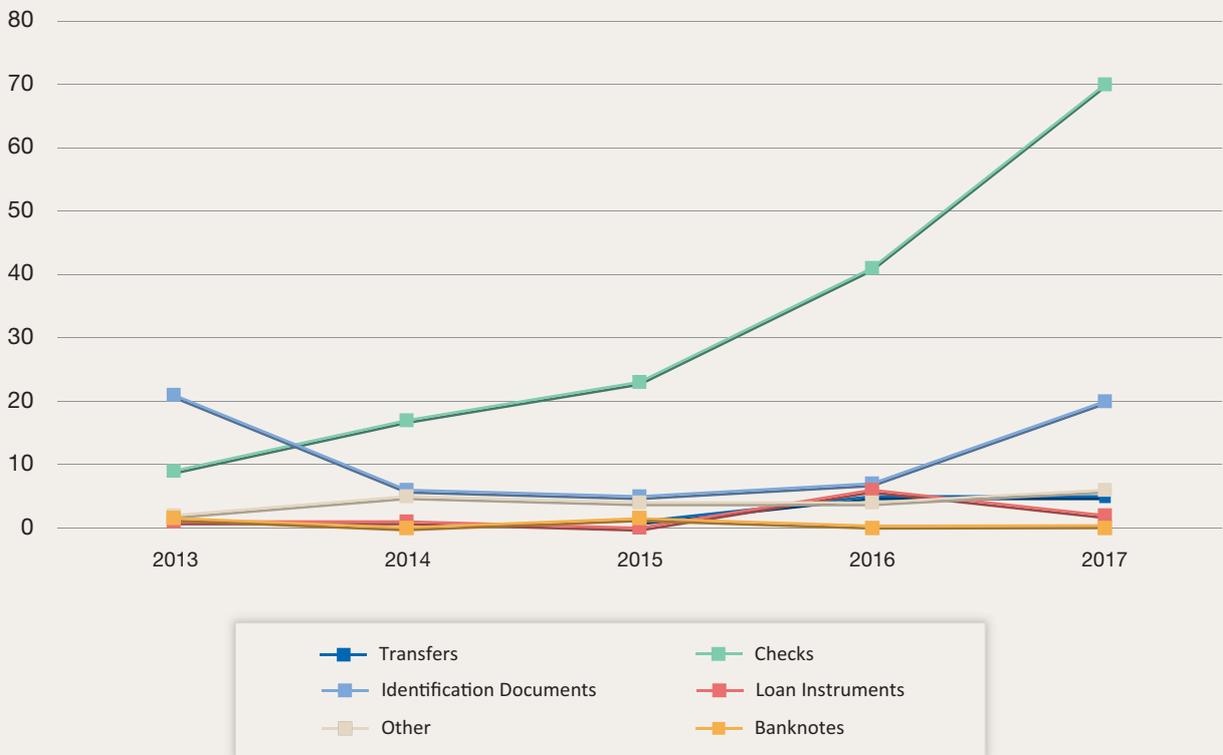
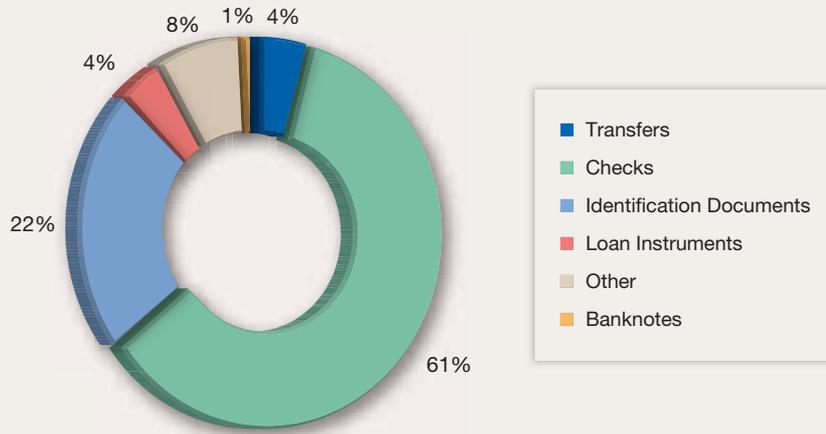


# Indicators (2013 – 2017)

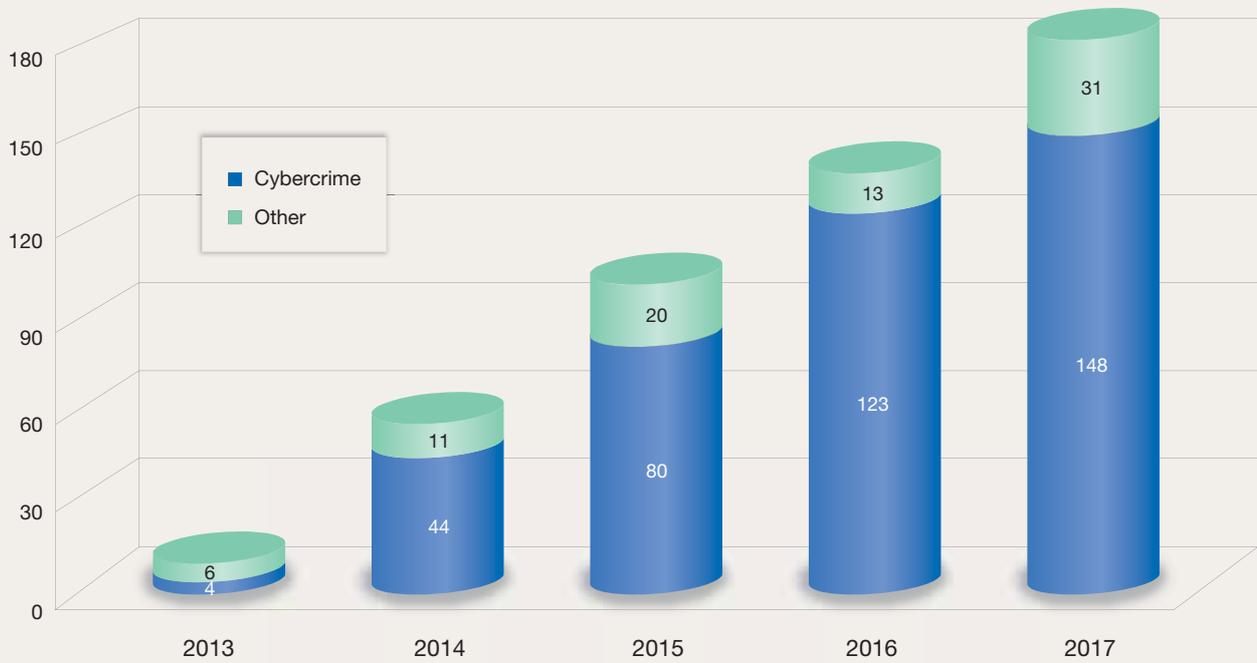
## NATURE OF SPECIFIED CRIMES



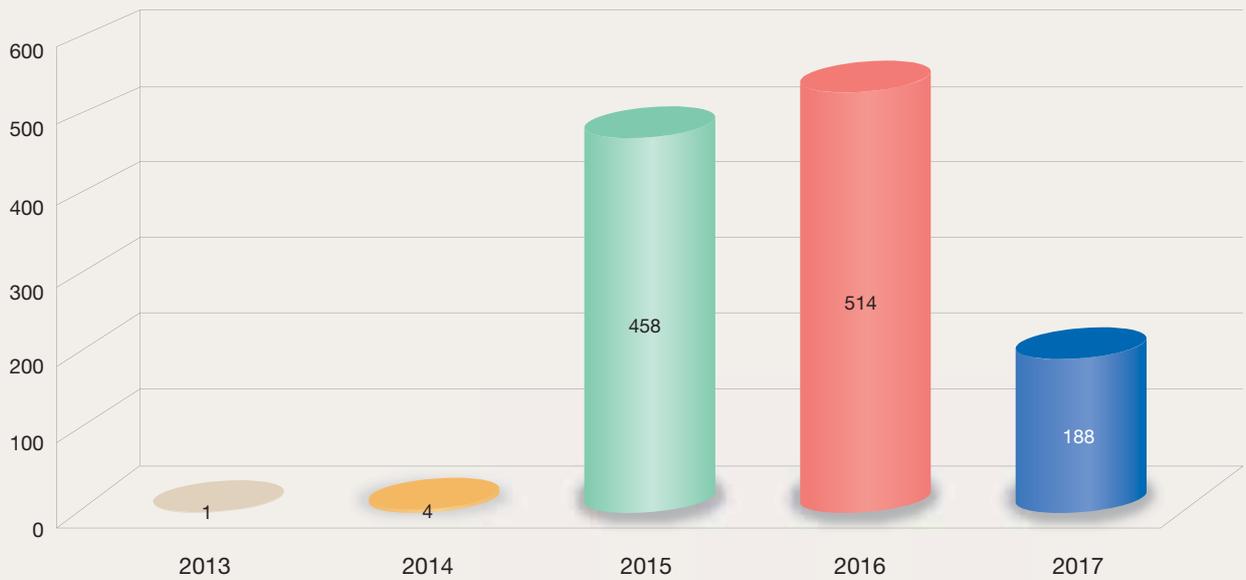
## FORGERY



### EMBEZZLEMENT OF PRIVATE FUNDS BREAKDOWN



### SPONTANEOUS DISCLOSURES

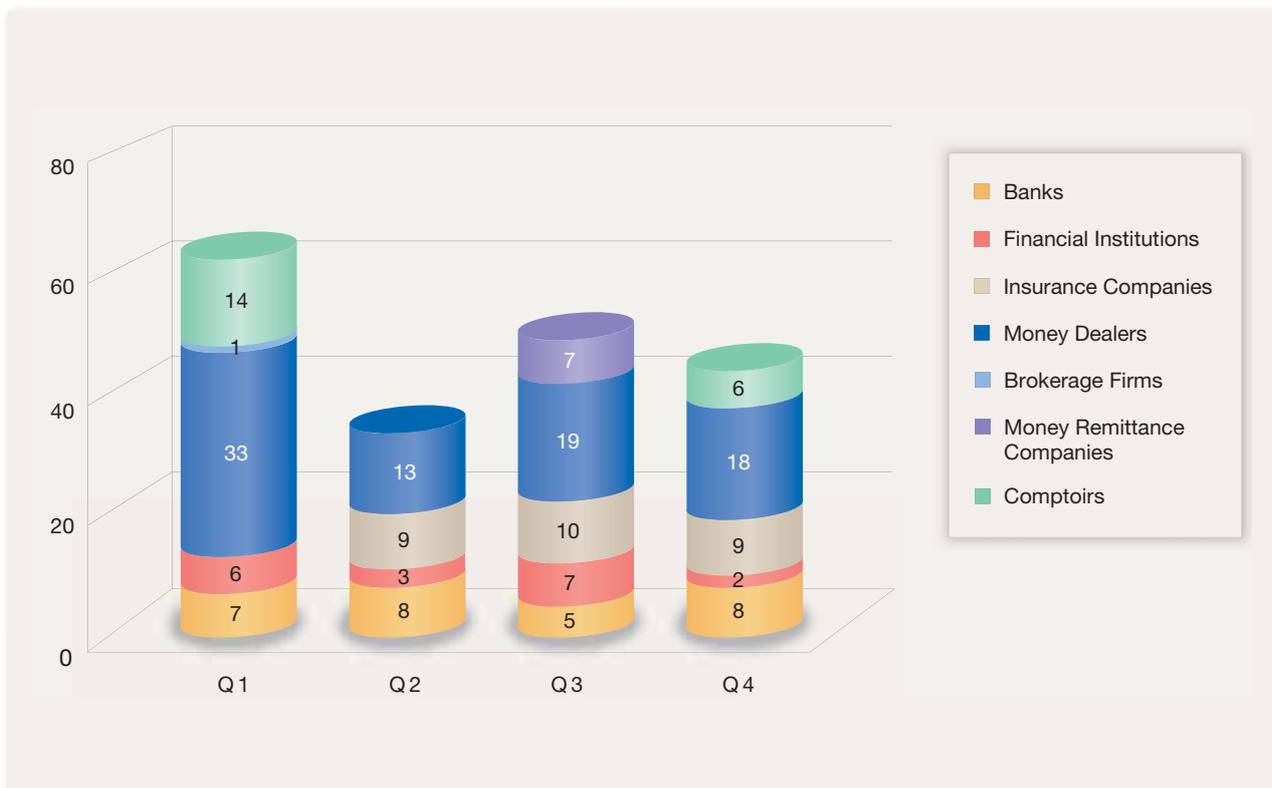


**Note:** The number of disclosures exchanged with FIUs in the region in past years is primarily related to the efforts to counter the financing of ISIL and affiliates.

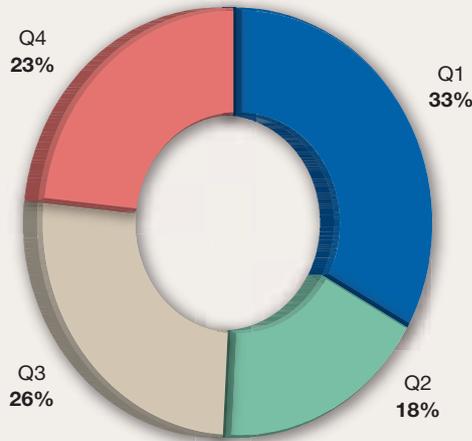
# AML/CFT On-Site Compliance Examinations

Reporting Entities		Q1 Coverage		Q2 Coverage		Q3 Coverage		Q4 Coverage		Annual Coverage	
Type	Total No.	No.	% of Q1 Total	No.	% of Q2 Total	No.	% of Q3 Total	No.	% of Q4 Total	No.	% of Reporting Entities Total No.
Banks	65	7	11%	8	24%	5	10%	8	19%	28	43%
Financial Institutions	51	6	10%	3	9%	7	15%	2	5%	18	35%
Insurance Companies	51	0	0%	9	27%	10	21%	9	21%	28	55%
Money Dealers	314	33	54%	13	40%	19	39%	18	41%	83	26%
Brokerage Firms	14	1	2%	0	0%	0	0%	0	0%	1	7%
Money Remittance Companies*	11	0	0%	0	0%	7	15%	0	0%	7	64%
Specialized Lending Entities (Comptoirs)	21	14	23%	0	0%	0	0%	6	14%	20	95%
<b>Total</b>		<b>61</b>	<b>100%</b>	<b>33</b>	<b>100%</b>	<b>48</b>	<b>100%</b>	<b>43</b>	<b>100%</b>		

\*Only 7 companies are operational.



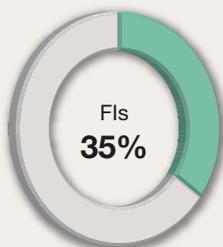
**QUARTERLY DISTRIBUTION OF ON-SITE EXAMINATIONS**



In 2017, onsite compliance examinations covered 28 banks, 18 financial institutions, 28 insurance companies, 83 money dealers, 1 brokerage firm, 7 money remittance companies, and 20 specialized lending entities (comptoirs).



■ Covered (28)  
■ Not covered (37)



■ Covered (18)  
■ Not covered (33)



■ Covered (28)  
■ Not covered (23)



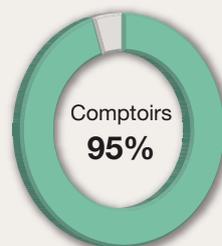
■ Covered (83)  
■ Not covered (231)



■ Covered (1)  
■ Not covered (13)



■ Covered (7)  
■ Not covered (4)



■ Covered (20)  
■ Not covered (1)

## Laws & Regulations

Learn

Understand

Comply



# SECTION III

## AML/CFT Laws & Regulations

1 . Law 44	73	22 . SIC Circular 1	100
2 . Law 32	77	23 . SIC Circular 2	100
3 . Law 42	78	24 . SIC Circular 4 amended by SIC Circular 13	100
4 . Law 53	79	25 . SIC Circular 5 amended by SIC Circular 12	101
5 . Law 55	79	26 . SIC Circular 7	103
6 . Law 77	81	27 . SIC Circular 8	104
7 . BDL Basic Circular 83	81	28 . SIC Circular 9	104
8 . BDL Basic Circular 2	89	29 . SIC Circular 10	104
9 . BDL Basic Circular 3 (Section 5)	89	30 . SIC Circular 11	105
10 . BDL Basic Circular 63	90	31 . SIC Circular 14	105
11 . BDL Basic Circular 69	91	32 . SIC Circular 15	106
12 . BDL Basic Circular 81	91	33 . SIC Circular 16	106
13 . BDL Basic Circular 89	92	34 . SIC Circular 18	106
14 . BDL Basic Circular 111	93	35 . SIC Circular 19	107
15 . BDL Basic Circular 126	94	36 . SIC Circular 20	107
16 . BDL Basic Circular 136	94	37 . SIC Circular 21	108
17 . BDL Basic Circular 137	95	38 . SIC Circular 22	109
18 . BDL Basic Circular 138	95	39 . SIC Circular 23	110
19 . BDL Basic Circular 139	95		
20 . BDL Basic Circular 144	98		
21 . Capital Markets Authority Decision No. 10	99		



## Law 44

### The Law on Fighting Money Laundering and Terrorism Financing

The draft law required by Decree No. 8200 of May 24, 2012 (amending Law No. 318 of April 20, 2001, on Fighting Money Laundering) is adopted, as amended by the subcommittee of the joint parliamentary committees and the Parliament.

#### Article 1

For the purpose of this Law, illicit funds include assets, tangible and intangible, movable and immovable, including any legal documents or instruments evidencing title to, or interest in, such assets, resulting from the commission of, or the punishable attempted commission of, or the participation in any of the following offences, whether in Lebanon or abroad:

1. The growing, manufacturing, or illicit trafficking of narcotic drugs and/or psychotropic substances according to the Lebanese laws.
2. The participation in illegal associations with the intention of committing crimes and misdemeanors.
3. Terrorism, according to the provisions of Lebanese laws.
4. The financing of terrorism or terrorist acts and any other related activities (travel, organizing, training, recruiting...) or the financing of individuals or terrorist organizations, according to the provisions of Lebanese laws.
5. Illicit arms trafficking.
6. Kidnapping, using weapons or any other means.
7. Insider trading, breach of confidentiality, hindering of auctions, and illegal speculation.
8. Incitation to debauchery and offence against ethics and public decency by way of organized gangs.
9. Corruption, including bribery, trading in influence, embezzlement, abuse of functions, abuse of power, and illicit enrichment.
10. Theft, breach of trust, and embezzlement.
11. Fraud, including fraudulent bankruptcy.
12. The counterfeiting of public and private documents and instruments, including checks and credit cards of all types and the counterfeiting of money, stamps and stamped papers.
13. Smuggling, according to the provisions of the Customs Law.
14. The counterfeiting of goods and fraudulent trading in counterfeit goods.
15. Air and maritime piracy.
16. Trafficking in human beings and smuggling of migrants.

17. Sexual exploitation, including sexual exploitation of children.
18. Environmental crimes.
19. Extortion.
20. Murder.
21. Tax evasion, in accordance with the Lebanese laws.

#### Article 2

Money laundering is any act committed with the purpose of:

1. Concealing the real source of illicit funds, or giving, by any means, a false justification regarding the said source, while being aware of the illicit nature of these funds.
2. Transferring or transporting funds, or substituting or investing the latter in purchasing movable or immovable assets or in carrying out financial transactions for the purpose of concealing or disguising the such funds' illicit source, or assisting a person involved in the commission of any of the offences mentioned in Article 1 to avoid prosecution, while being aware of the illicit nature of these funds.

Money laundering is a separate offence that does not necessitate a charge with the underlying predicate offence. Charging the offender with an underlying predicate offence shall not preclude the pursuing of any legal proceedings against the latter for a money laundering offence, in case of variation in the elements of the offences.

#### Article 3

Whoever undertakes or attempts to undertake or incites or facilitates or intervenes or participates in:

1. Money-laundering operations, shall be punishable by imprisonment for a period of three to seven years, and by a fine not exceeding twice the amount laundered.
2. Terrorism financing operations or any related activities, shall incur the penalties stipulated in Article 316 bis and Articles 212 to 222 of the Penal Code.

#### Article 4

Banks, financial institutions, leasing companies, institutions that issue and promote credit or charge cards, institutions that perform money transfers electronically, exchange institutions, financial intermediation institutions, collective investments schemes, and any other institution requiring a license or supervised by Banque du Liban, must comply with the obligations specified below and with the regulations issued by Banque du Liban for the purpose of implementing the provisions of this Law:

1. To implement Customer Due Diligence measures on permanent customers (whether natural persons or legal persons or unique legal arrangements), in order to check their identity on the basis of reliable documents or information or data.

2. To implement Customer Due Diligence measures on transient customers to verify their identity, if the amount of a single operation or series of operations exceeds the threshold designated by Banque du Liban.
3. To determine the identity of the economic right owner and take the steps needed to verify this identity, on the basis of reliable documents or information or data.
4. To retain copies of related documents of all operations, and to retain information or data or copies of the customers' identification documents, for at least five years after performing the operations or ending the business relationship, whichever longer.
5. To continuously monitor and review the business relationship.
6. To apply the measures specified in Paragraphs 1 to 5 above to permanent and transient customers, whenever there are doubts regarding the accuracy or adequacy of declared customer identification data, or whenever there is a suspicion of money laundering or terrorism financing, regardless of any thresholds or exemptions that limits the implementation of these measures.
7. To take into account the indicators that flag the likelihood of a money laundering or terrorism financing operation, as well as the due diligence principles to detect suspicious operations.

#### Article 5

Institutions not subjected to the Banking Secrecy Law of September 3, 1956, particularly insurance companies, casinos, real estate dealers and agents, and merchants of valuables (jewelry, precious stones, gold, works of art, antiques), must keep records of operations that exceed the threshold designated by the "Special Investigation Commission" (hereinafter referred to "the Commission") that was established pursuant to Article 6 of this Law. Such institutions must also comply with the obligations specified in Article 4 above and with the regulations and recommendations issued by "the Commission" for the purpose of implementing the provisions of this Law. Certified accountants and notaries must implement these obligations, when preparing or carrying out on behalf of their customers any of the following activities:

- Buying and selling of real estate.
- Management of customers' movable and immovable assets, in particular transactions consisting of money accumulation and joint investment.
- Management of bank accounts and securities accounts.
- Organization of contributions for the establishment or management of companies.
- Establishment or management of legal persons or unique legal arrangements, and buying and selling of single person enterprise or companies.

The same obligations shall apply to lawyers when they carry out any of the above-mentioned activities. The implementation rules of these obligations shall be specified pursuant to a mechanism to be set by the Beirut Bar Association and the Tripoli Bar Association, taking into account the particularities and rules of the Legal Profession.

#### Article 6

An independent, legal entity with judicial status shall be established at Banque du Liban, referred to as "the Special Investigation Commission" or "the Commission", which shall discharge its functions without being subject to Banque du Liban's authority.

1. The "Special Investigation Commission" shall consist of:
  - The Governor of Banque du Liban or, in case of impediment, one of the Vice-Governors he designates. **Chairman**
  - The judge appointed to the Higher Banking Commission or, in case of impediment, an alternate judge appointed by the Higher Judicial Council for a period equal to the term of the initially appointed judge. **Member**
  - The Chairman of the Banking Control Commission or, in case of impediment, a member of the latter designated by its Chairman. **Member**
  - A principal member and an alternate member appointed by the Council of Ministers upon proposal of the Governor of Banque du Liban, provided each of them has an experience of at least 15 years in financial or banking law. **Member**
2. The mission of the "Special Investigation Commission" is:
  - To receive suspicious transaction reports (STRs) and requests of assistance; to investigate operations that are suspected to be money-laundering or terrorism financing offences; to decide on the seriousness of evidence and circumstantial evidence related to the commission of any such offence(s); to take in this regard the adequate decision, particularly the precautionary and temporary freezing of the suspicious accounts and/or transactions, for a maximum period of one year renewable once for six months concerning foreign requests of assistance, and for a maximum period of six months renewable once for three months concerning local STRs and requests of assistance.
  - To ensure compliance by the parties referred to in Articles 4 and 5 above with the obligations stipulated in this Law and in the regulations issued in relation thereto, except for lawyers, certified accountants and notaries, without prejudice to the provisions of Paragraph 2 of Article 17 of this Law.

- To collect and retain the information received from the parties referred to in Articles 4 and 5 above, as well as the information received from Lebanese and foreign official authorities, and all other collected information, and to share such information with the Commission's counterparts, in its capacity as the competent authority and the official center to undertake such a task.
  - To issue regulations on the implementation of the provisions of this Law addressed to the parties referred to in Article 5 above, and to issue recommendations to all concerned parties.
3. After conducting the necessary audit and analysis, "the Commission" is the solely certified to decide:
- To permanently freeze the concerned accounts and/or transactions, and/or to lift the banking secrecy in favor of the competent judicial authorities and the Higher Banking Commission represented by its Chairman on accounts or transactions suspected to be related to money laundering or terrorism financing.
  - To keep suspicious accounts as traceable accounts.
- "The Commission" may withdraw any of its decisions, in whole or in part, in case it obtains any new relevant information.
4. "The Commission" is entitled to:
- a) Attach an encumbrance on the records and entries pertaining to movable or immovable assets, indicating that such assets are under investigation by "the Commission". The encumbrance shall be kept until doubts are erased or until a final decision in this regard is taken,
  - b) Request the Public Prosecutor of the Court of Cassation to take preventive measures concerning the movable and immovable assets that have no records or entries, so as to prevent the use of such assets until a final judicial decision in this regard is taken,
- when there is a suspicion that these assets are related to money laundering or terrorism financing, and/or during the precautionary, temporary freezing of suspicious accounts and/or transactions, as specified in Paragraph 2 of this Article, and/or during the permanent freezing of these accounts and/or transactions, as specified in Paragraph 3 of this Article.
5. "The Commission" requires from concerned persons and parties, whether public or private, to take the necessary measures to prevent the use of movable or immovable assets belonging to any names designated or to be designated on the national lists issued by the competent Lebanese authorities or any other lists it circulates concerning terrorism and terrorism financing and any acts related thereto.
- The concerned persons and parties, whether public or private, must comply without any delay to this requirement.
6. "The Commission" shall meet, upon its Chairman's call, at least twice a month and when needed. The legal quorum requires the presence of three members at least.
  7. "The Commission" shall take its decisions at a majority of the attending members. In case of a tie, the Chairman shall have a casting vote.
  8. "The Commission" shall appoint a full-time Secretary General, who shall be responsible for the tasks assigned to him by "the Commission", for implementing its decisions and for directly supervising its regular and contractual staff and the persons delegated by "the Commission" for a specific mission. The provisions of the Banking Secrecy Law of September 3, 1956 shall not be opposed to any of them.
  9. The members of "the Commission", its regular and contractual staff, as well as the persons delegated by "the Commission" for a specific mission, shall be bound by the obligation of confidentiality.
  10. "The Commission" shall set its operating rules, as well as the internal rules governing its regular and contractual staff, who are subject to private law.
  11. The expenses of "the Commission" and its ancillary bodies shall be borne by Banque du Liban as part of the budget prepared by "the Commission", provided the budget is approved by the Central Council of Banque du Liban.

### Article 7

The parties referred to in Articles 4 and 5 of this Law, including certified accountants and notaries, when preparing or carrying out on behalf of their customers any of the activities mentioned in Article 5 above must promptly report to the Chairman of "the Commission" the details of operations undertaken or attempted to be undertaken that are suspected to be related to money laundering or terrorism financing.

The same obligations shall apply to lawyers, according to a mechanism to be set by the Beirut Bar Association and the Tripoli Bar Association, taking into account the particularities and rules of the Legal Profession.

The supervisors of the Banking Control Commission must, through the Chairman of the latter, report to the Chairman of "the Commission" any operations they suspect to be related to money laundering or terrorism financing and which they are aware of while performing their duties.

The auditors of the parties referred to in Article 4 above must promptly report to the Chairman of "the Commission" the details of the operations they suspect to be concealing money-laundering or terrorism financing and which they are aware of in the course of performing their work.

## Article 8

1. "The Commission" shall convene after receiving information from the parties referred to in Article 7 above, or after receiving information from Lebanese or foreign official authorities.
2. After the assessment and analysis of the information relating to the case under examination, "the Commission" shall either decide to take notice, or conduct the required investigation, particularly by auditing the accounts or operations, or investigating the suspicious assets. "The Commission" shall conduct its investigations through a delegated person chosen amongst its members or its concerned officers, or through its Secretary General or an appointed auditor. All these persons shall perform their duties subject to confidentiality obligations, and without being opposed to the provisions of the Banking Secrecy Law of September 3, 1956.
3. Upon the completion of its audit and analysis, "the Commission" shall take its decisions in accordance with the provisions of Paragraphs 2, 3, and 4 of Article 6 of this Law.
4. If "the Commission" decides to lift the banking secrecy off the concerned accounts and/or to freeze them permanently and/or to request the maintain of the prohibition to dispose of the assets, it shall send a certified true copy of its decision to the Public Prosecutor of the Court of Cassation, the Higher Banking Commission through its Chairman, the concerned party, and the concerned local or foreign bodies, either directly or by the same means/body through which the information was received.
5. In case the Public Prosecutor of the Court of Cassation decides to drop the case of money laundering and discontinue the proceedings, the frozen accounts and all other assets shall be deemed free. The decision to drop the case shall be notified to "the Commission", and the latter shall not be entitled to maintain the lifting of the banking secrecy, the freezing and the prohibition to dispose of the assets, and shall immediately notify the concerned banks and any other concerned parties thereof. However, if "the Commission" finds, before implementing the decision, any new evidence or circumstantial evidence that justifies the maintain of the freezing, of the prohibition to dispose of the assets, and of the lifting of the banking secrecy, then it must send a justified report, along with the documents containing such evidence or circumstantial evidence to the Public Prosecutor of the Court of Cassation who may decide, where applicable, to widen the investigation in light of the new information.
6. In case the Instruction Judge or the Chamber of Accusation issues a final decision dismissing any legal prosecution, as well as in the case of a final judgement or decision that ceases the legal proceedings or states the innocence of the holders of frozen accounts or

assets not to be disposed of, these accounts and assets shall be deemed free, and a copy of the judgement or decision shall be notified to "the Commission" through the Public Prosecutor of the Court of Cassation. "The Commission" shall in turn notify the ruling or the decision to the concerned banks and other concerned parties. "The Commission" shall not be empowered to lift again the banking secrecy off the accounts or to reinstate the freezing decision and to prevent again the use of the accounts and assets, covered by the decision dismissing the legal prosecution, except through the mechanism stipulated in Article 127 of the Code of Criminal Procedures.

## Article 9

The Chairman of "the Commission" or any person delegated by the Chairman may directly communicate with any Lebanese or foreign authority (judicial, administrative, financial, or security) in order to request information or take cognizance of the details of previously conducted investigations that are linked or related to ongoing investigations by "the Commission". The concerned Lebanese authorities must promptly respond to this information request, and shall not be subject to any confidentiality obligation.

## Article 10

The Chairman of "the Commission" or any person delegated by the Chairman may directly request from the parties referred to in Articles 4 and 5 above to provide "the Commission" with all the documents and information needed to perform its duties. Such parties must respond to this request within a reasonable period of time.

## Article 11

Reporting entities, as well as their Board members, officers and employees, are prohibited from disclosing or insinuating to anyone that a suspicious transaction report or other relevant information is submitted or intended to be submitted to "the Commission", or that "the Commission" is inquiring about customers or auditing their operations or accounts.

## Article 12

Within the scope of their work, the Chairman, members, staff and delegates of "the Commission", shall enjoy immunity. Thus, they may not be prosecuted or sued, neither collectively nor individually, for any civil or criminal liability related to the performance of their duties, including offences specified by the Banking Secrecy Law of September 3, 1956, except in case such secrecy is breached.

The parties referred to in Articles 4 and 5 above and their staff, as well as the supervisors of the Banking Control Commission and auditors, shall also enjoy the same immunity in performing their duties under the

provisions of this Law or according to the decisions of “the Commission”, particularly when they report in good faith to “the Commission” the details of operations they suspect to be related to money laundering or terrorism financing.

#### Article 13

Any party that violates the provisions of Articles 4, 5, 7, 10, and 11 of this Law shall be punishable by imprisonment for a period of two months to one year and by a fine not exceeding one hundred million Lebanese pounds, or by either penalties.

“The Commission” may address a warning to the parties who are in violation of the provisions of the regulations issued for the purpose of implementing this Law, and may request from these parties periodic reports about the measures taken to rectify their situation. “The Commission” may as well, in case of violation, refer the parties mentioned in Article 4 to the Higher Banking Commission, and correspond with the supervisory or oversight authorities concerning the parties mentioned in Article 5.

The Higher Banking Commission may impose on the parties that were referred to it a fine for non-compliance with the regulations issued for the purpose of implementing this Law, provided this fine does not exceed two hundred times the official minimum wage. Fines shall be collected to the benefit of Banque du Liban.

The foregoing shall not preclude the enforcement of the administrative penalties stipulated in Article 208 of the Code of Money and Credit on the parties referred to in Article 4, nor shall it preclude the enforcement of the sanctions stipulated in all other laws and regulations on the parties referred to in Article 5.

#### Article 14

The movable or immovable assets that are proved, by a final Court ruling, to be related to, or derived from, a money-laundering or terrorism financing offence, shall be confiscated to the benefit of the State, unless the owners of the said assets prove in a Court of Law their legal rights thereupon.

The confiscated assets may be shared with other countries, whenever the confiscation results directly from coordinated investigations or cooperation between the concerned Lebanese authorities and the concerned foreign body(ies).

#### Article 15

The reservations specified in Paragraphs 2, 3 and 4 of Article 1 of Law No. 426 of May 15, 1995, on authorizing the ratification of the 1988 United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, are repealed, as well as the provisions of Article 132 of Law No. 673 of March 16, 1998, on Narcotic Drugs and Psychotropic Substances.

#### Article 16

Upon the enactment of this Law, all provisions that are contrary to, or are in contradiction with the provisions of this Law, especially those specified in the Banking Secrecy Law of September 3, 1956, and those of Law No. 673 of March 16, 1998, on Narcotic Drugs and Psychotropic Substances, shall cease to be applicable.

#### Article 17 (Final Provisions)

The auditors of banks, financial institutions and other companies and institutions specified in Article 4 of this Law must verify the compliance by all these companies and institutions with the provisions of this Law and with the implementation regulations issued in relation thereto, and must also notify the Chairman of “the Commission” of any violation thereof.

The Ministry of Justice, the Beirut Bar Association, the Tripoli Bar Association, and the Certified Accountants Association, shall be responsible for verifying the compliance by notaries, lawyers, and certified accountants, as far as each is concerned, with the measures stipulated in this Law and in the implementation regulations issued in relation thereto.

#### Article 18

This Law shall enter into force upon its publication in the Official Gazette.

*Beirut, November 24, 2015*

*Promulgated by the Council of Ministers*

*The President of the Council of Ministers*

*Signed: Tammam Salam*

### Law 32 Expanding the SIC Competence to Include Corruption

#### Unique Article

The Special Investigation Commission established pursuant to Law 318 of April 20, 2001 on Fighting Money Laundering, has the exclusive right to freeze and lift banking secrecy on bank accounts, in accordance with the anti-corruption agreements and laws in force, particularly the United Nations Convention against Corruption, provided the procedures specified in Law 318 are adopted.

This law shall enter into force upon publication in the Official Gazette.

*Baabda, October 16, 2008*

*Signed Michel Sleiman*

*Promulgated by the President of the Republic*

*The President of the Council of Ministers*

*Signed Fouad Siniora*

## Law 42 On Declaring the Cross-Border Transportation of Money

### Article 1

For the purpose of implementing the provisions of this Law, the following expressions shall mean:

#### 1. Currency/Negotiable Instruments:

- Banknotes and coins in circulation, whether in Lebanese pound or any other currency.
- Commercial papers, securities, means of payment and other types of negotiable movable assets, in case they are not made out or endorsed to the benefit, or to the order of a designated payee (drawing bonds, promissory notes, checks, payment orders, bearer shares, prepaid cards, etc.).

**2. Declaration:** to provide detailed information on the owner of the Currency/Negotiable Instruments being transported, the person transporting them, the recipient party, their value, type, origin and intended use, the routes and modes of transportation.

**3. Disclosure:** to provide detailed information, at the request of the Customs authorities, on the owner of the Currency/Negotiable Instruments being transported, the person transporting them, the recipient party, their value, type, origin and intended use, the routes and modes of transportation.

**4. False declaration/false disclosure:** to provide false or incomplete information on the value of Currency/Negotiable Instruments transported across borders or other information which is asked for in the declaration/disclosure requested by the authorities; or failing to make a declaration/disclosure as imposed/required.

### Article 2

All persons transporting physically, in or out of the border, Currency/Negotiable Instruments on them, in their accompanying luggage, or by any other means, by containerized cargo or any other means of shipping, or through the post, must submit a written declaration thereon to the Customs authorities, whenever the value of the Currency/Negotiable Instruments exceeds the amount of USD 15,000 or its equivalent in other currencies, by filling in a form that includes the complete relevant information requested.

As an exemption to the preceding paragraph, a disclosure thereof to the Customs authorities may be sufficient without the need for the declaration, when the Currency/Negotiable Instruments are being physically transported outside Lebanon and their value exceeds the amount of USD 15,000 or its equivalent in other currencies, according to the implementation rules mentioned in Article 6 below to be issued in relation to this Law.

### Article 3

Customs authorities are empowered to search natural persons, inspect their luggage and the transportation modes referred to in Article 2 above, in order to check the accuracy of the information declared or disclosed.

In case a false declaration/disclosure is detected or suspected, or in case of non-declaration/non-disclosure, or in case of suspecting the transportation of illicit Currency/Negotiable Instruments, within the meaning of Article 1 of amended Law No. 318/2001, the Customs authorities are empowered to request additional information about the transported Currency/Negotiable Instruments, to seize them and prepare relevant seizure records, after notifying the Public Prosecution of the Court of Cassation. The latter shall, within a maximum period of two days, take the appropriate decision in light of the available data, as to whether maintain the seizure or free the said Currency/Negotiable Instruments, and accordingly notify its decision to the "Special Investigation Commission" established pursuant to amended Law No. 318 of April 20, 2001 on Fighting Money Laundering and Terrorism Financing.

Customs authorities shall promptly notify the "Special Investigation Commission" of the above-mentioned seizure records.

### Article 4

Customs authorities shall establish an electronic database that has the necessary safety and confidentiality specifications. All the declarations, disclosures, records, files and official documents shall be archived in the database in a way that clearly distinguishes between the declarations and disclosures referred to in Article 2 of this Law and those mentioned in Article 3 thereof.

The Special Investigation Commission shall be empowered to directly access the declarations, disclosures, records, files and official documents mentioned in Article 3 of this Law.

### Article 5

Customs authorities shall impose on any person making a false declaration/disclosure or failing to make a declaration/disclosure, a fine not exceeding ten million Lebanese pounds, not precluding any criminal prosecution as specified in the provisions of above-mentioned Law No. 318.

### Article 6

The Customs Higher Council shall issue, within three months from the enactment date of this Law, and in collaboration with the "Special Investigation Commission", a decision pursuant to which it shall set the implementation rules of the provisions of this Law, notably the preparation of the declaration form mentioned in Article 2 thereof.

### Article 7

The detailed implementation of the provisions of this Law shall be set, where applicable, through Decrees taken by the Council of Ministers, upon a proposal made by the Minister of Finance on the basis of the preparation work done by the Customs Higher Council in collaboration with the "Special Investigation Commission" specified in Law No.318/2001.

### Article 8

This Law shall enter into force upon its publication in the Official Gazette.

*Beirut, November 24, 2015*

*Promulgated by the Council of Ministers*

*The President of the Council of Ministers*

*Signed: Tammam Salam*

### Law 53

#### Authorizing the Lebanese Government to accede to the International Convention for the Suppression of the Financing of Terrorism signed in New York on December 9, 1999

#### Single Article

1. The Lebanese Government is authorized to accede to the International Convention for the Suppression of the Financing of Terrorism that was signed in New York on December 9, 1999 and came into force on April 10, 2002, however with certain reservations regarding the definition of terrorism as specified in Article 2, Paragraph 1, Sub-paragraph (b) of this Convention, and adopting the definition of terrorism as specified in Articles 1 and 2 of the Arab Convention for the Fighting of Terrorism, signed in Cairo on April 22, 1998, which the Lebanese Government was authorized to accede to pursuant to Law No.57 of March 31, 1999.
2. This Law shall enter into force upon its publication in the Official Gazette.

*Beirut, November 24, 2015*

*Promulgated by the Council of Ministers*

*The President of the Council of Ministers*

*Signed: Tammam Salam*

### Law 55

#### Exchange of Information for Tax Purposes

#### Unique Article

##### FIRST:

The purpose of this Law is to:

- Implement and execute the provisions of any duly signed and ratified convention relating to the exchange of information for tax purposes.
- Commit, under any such convention, the exchange of requested information.

##### SECOND:

1. Unless otherwise stated in this law, the following terms shall mean:

**a) Convention:** any international treaty, convention or agreement stipulating the exchange of information for tax purposes, including the automatic exchange of information between Lebanon and any other foreign State;

**b) Automatic exchange of information:** providing, periodically and without prior request, previously specified information, about residents of a foreign State that have concluded a Convention with Lebanon;

**c) Competent Authority:** the Minister of Finance or a representative mandated by such Minister.

**d) The Competent Authority Agreement:** any bilateral or multilateral convention concluded between the Competent Authority and any foreign State, with the purpose to clarify or explain the provisions of a specific Convention or to facilitate the automatic exchange of information under any Convention;

**e) Information:** any data or record, in whatever form, that contains specific facts;

**f) Request:** a request submitted to the Competent Authority in order to obtain information pursuant to a specific Convention;

**g) Requesting State:** the State that submits a request to obtain information;

**h) Person:** any individual, entity or other body established pursuant to the laws in force.

2. In case of divergence between the provisions of this Law or of any Convention with those of another law, the provisions of this Law and this Convention shall prevail.

##### THIRD:

In compliance with the provisions relating to the exchange of information under any Convention, the Competent Authority shall use the powers stipulated in Articles 23, 44, 48, and 103 of the Tax Procedures Code to collect information, even where the tax administration does not need such information for internal tax purposes.

#### FOURTH:

1. The Competent Authority shall assist the Requesting State pursuant to the terms of the Convention. Where the Competent Authority finds, following the receipt of a Request, that the latter complies with the provisions of the Convention concluded with the concerned State, the Competent Authority shall then proceed with responding to the Request pursuant to the provisions of both the said Convention and this Law.
2. The Competent Authority may ask the Requesting State for additional information, where it deems this necessary in order to process the Request.
3. If the Competent Authority decides that the request is not in compliance with the provisions of the Convention concluded with the Requesting State, the Competent Authority shall then reject the Request and notify the Requesting State of such decision.

#### FIFTH:

1. Where the requested Information is not covered by the Law on Banking Secrecy of September 3, 1956 or by Article 151 of the Code of Money and Credit, such Information shall be directly provided by the Competent Authority to the foreign Requesting State.
2. Where the requested Information is covered by the Law on Banking Secrecy of September 3, 1956 or by Article 151 of the Code of Money and Credit, and where the Competent Authority finds that the Request complies with the provisions of the Convention concluded with the Requesting State, the Special Investigation Commission (SIC) established pursuant to Law No. 44 of November 24, 2015 on Fighting Money Laundering and Terrorism Financing shall request the Information and provide them directly to the Competent Authority.
3. The Information specified in Paragraph (2) shall not be provided to the Requesting State unless the person whose information is being requested is notified thereof. The latter shall have the right to object the decision of the Competent Authority **before the State Council**, within 15 days of such notification pursuant to the notification provisions stipulated in the Tax Procedures Code.  
The State Council shall issue, within maximum three months from the submission date of the aforesaid objection, a final and irrevocable decision regarding the merits of the legal conditions requiring the exchange of Information.  
At the expiry of such deadline, or if the State Council decides to provide the requested Information, the Competent Authority shall forward the requested Information to the Requesting State.
4. Notwithstanding the foregoing, if the Requests are of urgent nature or if notifying the person whose Information is being requested may compromise the investigation carried out by the Requesting State, the requested Information shall be provided to the

Requesting State without giving prior notification to such person, in accordance with standards and procedures agreed upon between the two States to preserve the rights of all parties.

#### SIXTH:

1. Banque du Liban and the SIC may ask financial institutions, during a specified time and according to a specific method in accordance with the provisions of this Law, to provide the requested Information in order for the Competent Authority to proceed with the automatic exchange of information, pursuant to any Convention or to the Competent Authority Agreement. The Information shall be forwarded to the Competent Authority to enable it to perform its functions under the Convention.
2. The Minister of Finance or Banque du Liban may, each based on its prerogatives and pursuant to decisions issued thereafter, to determine:
  - a) The institutions required to provide Information;
  - b) The Information to be exchanged and the method of exchange, including by electronic means.
  - c) The accuracy and comprehensiveness of the Information to be provided.
3. The Council of Ministers shall, where necessary, issue decrees to take the measures needed to implement the provisions of this Law where this is not specified in Paragraph (2) above.
4. In case of breach or non-compliance with the provisions of this Article, a **fine ranging between one hundred million and two hundred million Lebanese pounds** shall be imposed, without prejudice to the right of the concerned regulatory authority to impose administrative sanctions and financial penalties in accordance to its own laws.

#### SEVENTH:

This Law shall apply to all Double Taxation Avoidance agreements currently in force.

#### EIGHTH:

The Government is authorized to ratify the "Multilateral Convention on Mutual Assistance in Tax Matters-MAC, (which is attached hereto and may be amended from time to time), as well as the attached "Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information—MCAA).

The Minister of Finance is mandated to sign the above Convention and Agreement.

#### NINTH:

1. The provisions of this Law shall come into force, notwithstanding any confidentiality obligation or other restrictions on the disclose of information imposed by any other law.

2. Any Information exchanged pursuant to Paragraphs Fourth and Sixth with the Competent Authority, under any convention or under this Law, shall be dealt with as being confidential, pursuant to the provisions of Article 25 of the Tax Procedures Code.

**TENTH:**

The provisions of Law No 43 of November 24, 2015 (Exchange of Tax Information) shall be repealed.

**ELEVENTH:**

This Law shall come into force upon its publication in the Official Gazette and shall be expeditedly promulgated pursuant to Article 56 of Paragraph one of the Constitution.

*Beirut, October 27, 2016*

*Promulgated by the Council of Ministers*

*The President of the Council of Ministers*

*Signed: Tammam Salam*

### Law 77 Amending Article 316 bis of the Lebanese Penal Code

**Single Article**

Article 316 bis of the Lebanese Penal Code relating to Terrorism Financing shall be amended to read as follows, based on the Arab Convention on the Suppression of Terrorism signed in Cairo on April 22, 1998 and ratified by Law No. 57 of March 31, 1999:

**The new Article 316 bis**

Whoever undertakes or attempts to undertake or directs or participates, intentionally and by any means, directly or indirectly, in financing totally or partially, or contributes to the financing of terrorism or terrorist acts, or the financing of an individual terrorist or terrorist organizations or any related acts, including offering or providing or collecting movable or immovable funds, from legitimate or illegitimate sources, in Lebanon or abroad, whether the funds were used or not used, and whether the terrorist act took place or not in Lebanon or abroad.

The terrorism financing offence includes the travel, attempt to travel, recruitment, planning, preparation, organizing, facilitation, participation, providing or receiving training, and any other related act with the intention of committing terrorist acts, without being linked to a specific terrorist act.

The perpetrators of the abovementioned acts shall be punished by temporary hard labor for a period of at least 3 years but not exceeding 7 years, and by a fine equaling at least the value of the paid amount but not exceeding its

triple. This does not preclude the implementation of the penalties stipulated in articles 212 to 222 inclusively of the Penal Code.

This Law shall enter into force upon its publication in the Official Gazette.

*Beirut, October 27, 2016*

*Promulgated by the Council of Ministers*

*The President of the Council of Ministers*

*Signed: Tammam Salam*

### BDL Basic Circular No.83 Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering and Terrorism Financing (AML/CFT)

**Addressed to Banks and to Financial Institutions**

(These regulations were last amended by BDL Intermediate Circular No. 421 dated May 4, 2016)

**Article 1**

These Regulations are set under the provisions of Law No. 318 of April 20, 2001, on Fighting Money Laundering. Banks must control their operations with customers in order to avoid any involvement in operations related to money laundering or terrorist financing, by following at least the rules set out in these Regulations.

**SECTION I - RELATIONS WITH FOREIGN  
CORRESPONDENT BANKS ABROAD****Article 2**

When establishing a relation with a foreign correspondent bank, the bank must ascertain that the correspondent bank is not a shell bank, that it really exists, based on submitted documentary evidence, that it does not deal with shell banks, has a good reputation, is subject to a good control and implements sufficient and effective procedures to fight money laundering and terrorist financing.

In addition to the foregoing, the bank must implement the following measures:

1. Obtain the approval of the Senior Executive Management before dealing with correspondent banks.
2. Ascertain the nature of the respondent bank's business.
3. Determine the responsibility of both the bank and the respondent bank, particularly for payable – through accounts opened by foreign correspondent banks, and make sure that the latter are capable, upon request, to provide relevant customer identification data.

## SECTION II – RELATIONS WITH CUSTOMERS AND DUE DILIGENCE MEASURES

### Article 3

1. A customer is meant to be any natural person or legal entity, whether a company or an institution of any kind, or a commission or an organization or a non-profit organization (mutual funds, cooperatives, welfare centers, charities, clubs, etc.).
2. Banks must, as far as each is concerned, adopt clear procedures for opening new accounts, and apply due diligence measures including checking their permanent and transient customers' identity, whether resident or non-resident, determining the purpose and the nature of the relation or of the account opening, identifying the beneficial owner and the source of funds and ensuring the ongoing control of operations, notably in the following instances:
  - Before or upon dealing with a customer or opening any kind of account, including fiduciary accounts and numbered accounts
  - Lending operations
  - The conclusion of contracts for leasing bank safes
  - Electronic transfers of funds
  - Cashier's operations totaling or exceeding USD 10,000 or its equivalent in any other currency. Cashier's operations include cash payments made by the customer at the bank's counters (deposit of funds, exchange of currencies, purchase of precious metals, purchase of financial instruments in cash, cash subscription to vouchers at the counter, purchase of checks in cash, including traveler's checks, etc.).
3. Regardless of the amount involved, the employee in charge of performing the operation must check the customer's identity when noticing that, on the same account or on multiple accounts held by the same person, several operations are being carried out for amounts that are separately less than the minimum specified in Paragraph 2 of this Article but totaling or exceeding USD 10,000 or its equivalent. The same identity checking must take place if the employee suspects one of the customers of a money laundering or terrorist financing attempt.
4. In order to check the customer's identity, the employee in charge of performing the operation must request the following documents from the customer:
  - a) In case the customer is a natural person: a passport, an identity card, an individual civil registration, or a residence permit.
  - b) In case the customer is a legal entity: duly authenticated documents regarding its by-laws, registration certificate, and ownership structure, a

list showing the stocks or shares distribution (directly or indirectly), a list of the authorized signatories, in addition to a copy of the identity of its legal representative and the directors and natural persons who hold, whether directly or indirectly, a percentage of shares enabling them to have effective control over the company.

- c) In case the operation is performed through a proxy: the original power of attorney or a certified copy thereof, in addition to a copy of the documents regarding the identity of both the customer and the proxy. Moreover, the due diligence measures stipulated in Paragraph 2 of Article 3 above must apply to the non-professional proxy.
- d) In case the operation is performed by correspondence: an official authentication of the customer's signature on the same document or on a separate certificate. The authentication of the signature of a customer residing abroad or the verification of its identity may be done through a correspondent or affiliated bank, or through a branch or a representative office of the concerned bank, or through another bank whose authorized signatures can be verified, provided it is subject to a good control and adopts sufficient and effective AML/CFT procedures and provided the first account-related operation is connected to an account held by the customer at a bank that is also subject to a good control and implements sufficient and effective AML/CFT procedures.

The bank is responsible for the accuracy of statements or information when it relies on a third party for customers' identification and verification.
5. The bank must retain information on the customer, at least for five years after closing the account or ending the business relation, particularly the customer's full name, residential address, occupation and financial status, in addition to copies of all documents used to verify the above-mentioned information. It must also retain copies of all operations-related documents, for at least five years after performing the operation.
6. When due diligence measures towards customers and actual beneficiaries cannot be applied in a satisfactory way, as stipulated in Paragraph 2 of Article 3 above, no account must be opened or relation started or operation performed. Besides, the bank must consider notifying the Special Investigation Commission (SIC) established pursuant to Law No. 318 of April 20, 2001.

### Article 4

When the bank suspects that the customer is not the beneficial owner or when the customer states that the beneficial owner is a third party, then the bank must request from the customer a written statement determining the beneficial owner (the actual beneficiary), notably his

full name, residential address, occupation and financial status. The bank must retain a copy of this statement and of the beneficial owner's identity for the period indicated in Paragraph 5 of Article 3 above.

Doubts about the beneficial owner's identity arise in instances that include, but are not limited to, the following:

- a) When a power of attorney is given to a non-professional person (eg other than a lawyer, a fully authorized representative, or a financial intermediary) and when it appears that the relation with the customer does not justify the proxy operation.
- b) When the business relation is conducted through numbered accounts or through front institutions or companies.
- c) When the customer's financial status is known to the employee performing the operation and when the amount of the intended operation is inconsistent with the said financial status.
- d) When any other indicator draws the attention of the bank during the course of its business.

#### Article 5

The bank must immediately notify the Governor of Banque du Liban in his capacity as Chairman of the Special Investigation Commission, when it holds evidence or has doubts that the attempted or performed banking operation involves money laundering or terrorist financing or terrorist acts or terrorist organisations, especially:

- When it has persistent doubts about the veracity of the written statement submitted by the customer regarding the beneficial owner's identity, or that false or inaccurate information was given about this identity.
- When it realizes that it was misled in the course of checking the identity of the customer or of the beneficial owner, and has persistent doubts about the information provided by the customer.
- When transferred amounts or checks are returned, whether directly or upon the request of concerned parties, particularly correspondent banks, either because of forgery or because of doubts that they involve suspicious operations.

#### Article 6

Banks must permanently apply due diligence measures towards all customers, including the owners of accounts opened before the issuance of Law No 318 of April 20, 2001, in order to modify or add any information on the adopted KYC (know your customer) Form, due to any changes in the customer's status, especially in case of doubts about the veracity or accuracy of previously provided information, or in case of subsequent changes in the identity of the customer or of the beneficial owner. Therefore, each bank must set up working plans with precise dates, in order to fulfill these obligations.

### SECTION III - CONTROLLING CERTAIN OPERATIONS AND CUSTOMERS

#### Article 7

1. The bank must enquire from the customer about the source and destination of funds, the object of the operation, and the identities of both the beneficiary and the beneficial owner, when it finds that the operation is characterized by the following:
  - a) The operation is carried out in exceptionally complicated circumstances. In this respect, the bank must assess the said circumstances, not only in relation to the nature and type of the operation, but also in relation to its apparent purpose.
  - b) The operation seems to have no economic rationale or legitimate purpose, especially when there is a discrepancy between the operation and the customer's occupation, or even between the operation and the customer's habits and personality.
  - c) When one of the concerned parties is a national of, or resident in countries that do not or insufficiently apply the FATF Recommendations.

2. The bank must:

#### FIRST:

when accepting a check drawn on it by an exchange institution, or when performing directly or indirectly a banking operation requested by an exchange institution on behalf of one of its customers, take the following measures in case the value of the check or of the operation exceeds USD 10,000 or its equivalent:

- a) Make sure that it has received the notification, stipulated in Paragraph 1 of Article 9 of the Implementation Rules of the Law Regulating the Money Exchange Profession, attached to Basic Decision No.7933 of September 27, 2001, concerning the information requested about the check-related operation or the banking operation, particularly whether or not the check-related operation or the banking operation was performed against an amount received in cash, in addition to information about the source and destination of funds, and the identity of both the beneficiary and the beneficial owner.
- b) Retain this notification for a five-year period.
- c) Obtain this notification directly from the concerned exchange institution if not yet received when the check is submitted, or when the banking operation is requested.

#### SECOND:

when requested to execute a transfer resulting from an exchange operation, or from a cross-border transportation of cash and/or precious metals to a third person in Lebanon, regardless of the amount being transferred:

- a) Make sure that it has received the notification, stipulated in Paragraph 2 of Article 9 of the Implementation Rules of the Law Regulating the Money Exchange Profession, attached to Basic Decision No. 7933 of September 27, 2001.
  - b) Retain this notification for a five-year period.
3. Promptly inform Banque du Liban when an exchange institution fails to send any of the notifications specified in Paragraph (2) above.
  4. The bank is prohibited from:
    - Opening any account for any exchange institution, before obtaining the approval of the Compliance Unit stipulated in Article 10 below.
    - Opening accounts for exchange institutions or executing transfers upon the latter's request for purposes other than those specified in the Implementation Rules of the Law Regulating the Money Exchange Profession issued by Banque du Liban.
    - Accepting or performing an exchange operation in favour of any exchange institution, unless the latter is one of the concerned bank's customers.
  5. Upon issuing a checkbook in favour of an exchange institution, the bank must insert in all the checks the expression "payable to the first beneficiary only".
  8. The undertaking by a customer of large cash operations in the form of deposits and withdrawals, with insufficient personal identification.
  9. The fact of receiving or cashing checks to the bearer issued abroad, or drawn to the order of a person but previously endorsed by persons other than the depositor; or the fact of receiving or cashing checks of different amounts that may be unrelated to commercial operations or are alleged to be resulting from gambling.
  10. Cash deposits and/or bank transfers followed by direct and numerous withdrawals.
  11. The holding by the customer of several accounts unjustified by the nature of his activities, or the undertaking of numerous cash transfers between and through these accounts.
  12. The occurrence of cash deposits and/or bank transfers, while the customer's activities do not generate such a volume of funds.
  13. The fact of depositing bank/traveler's checks in the account of a company/institution whose activities do not justify such deposits.
  14. Cash operations and/or bank transfers that appear unusual, considering the location of the branch.
  15. E-banking operations that appear unusual.
  16. Transfers between the accounts of an exchange institution and other accounts, particularly those held by any of the institution's owners, partners, shareholders, directors or authorized signatories or any of the family members of these persons (spouse, ascendants, descendants), especially if these transfers are followed by withdrawals.

#### Article 8

Banks must, as far as each is concerned:

- a) Take the following indicators into account, for indicative purposes but not restrictively, as an evidence of operations involving money laundering or terrorist financing:
  1. The exchange of big amounts of small-denomination bills for large denomination bills of the same currency or of any other currency.
  2. Large or recurrent foreign exchange operations (cambio), by using cash funds.
  3. Certain movements in the customer's account, such as making large or recurrent deposits unjustified by the customer's apparent activities.
  4. The operation of an account for the main purpose of transferring abroad, or receiving from abroad, sizeable amounts of money, when such operations are unjustified by the customer's activities.
  5. Large or recurrent operations related to the customer's offshore activities, and which appear to be inconsistent with the volume of the customer's activities.
  6. The replacement of large cash amounts by electronic transfer requests or by bank checks.
  7. A change in the pattern of deposit operations made by a customer exempted from filling the cash transaction slip (CTS).
- b) Monitor the accounts opened and operations carried out, through the units and divisions mentioned in Article 11 of these Regulations, by using specialized software programs for retrieving (daily, weekly, monthly, annual) reports on the accounts and operations to which indicators such as the afore-mentioned apply.
- c) Take sufficient measures to prevent the misuse of technological developments for money laundering or terrorist financing purposes.

#### Article 9

Banks must:

##### FIRST:

Adopt a risk-based approach to classify customers and operations according to the following risk levels: low risks, medium risks and high risks. The following risks shall be taken into account, for indicative purposes but not restrictively:

1. Customer risks:
  - a) Customers whose occupation relies mainly on cash (money exchange, gold and precious stones dealers, restaurants and night-clubs, real estate

companies, car dealers, specialized lending entities known as “Comptoirs” (governed by the provisions of Articles 183 and 184 of the Code of Money and Credit), non-banking institutions performing cash transfers through electronic means...).

- b) Foreign Politically Exposed Persons who hold or have held important official positions (PEPs), their family members and close associates.
  - c) Offshore companies.
  - d) Companies established in countries known to be tax havens.
  - e) The non face-to-face customers of the bank.
  - f) Customers dealing only through intermediaries.
  - g) Customers dealing through fiduciary contracts or trusts.
  - h) Companies with a capital totally or partly constituted of bearer shares.
  - i) Customers who are nationals or resident in countries that do not or insufficiently apply the FATF Recommendations.
  - j) Non-profit organizations (NPOs), particularly newly established NPOs that do not have clear programs or clear funding sources.
2. Country risks:
- a) The strictness of AML/CFT laws, and the efficiency of the regulatory and judiciary authorities in charge of their implementation.
  - b) The existence of banking secrecy.
  - c) The situation of the country regarding corruption and organized crime.
3. Service risks:
- a) Private Banking.
  - b) Payable Through Accounts, which are accounts opened by banks and financial institutions at other banks and put at their customers' disposal to be used directly or through subaccounts.
  - c) Electronic Banking.

#### **SECOND:**

Establish risk-based control measures and procedures and adopt at least, concerning Foreign Politically Exposed Persons, customers and operations classified as high risks according to risk scoring, the following measures and procedures:

1. To raise awareness concerning strict control as a priority.
2. To obtain more detailed information about customers (Increased KYC Levels), notably about the source of their wealth.
3. To obtain, according to risk levels, the necessary administrative approvals, in order to deal or continue to deal with customers and to execute operations.

4. To review periodically the relationship with customers.
5. To make continuous peer comparisons.
6. To set up an adequate system in order to determine whether the foreign customer is a Politically Exposed Person.

#### **THIRD:**

Take into consideration the duration of the business relationship and prior dealings with the customer.

#### **FOURTH:**

Use specialized software for performing controls according to the adopted classification.

#### **FIFTH:**

Adopt, based on the obligations stipulated in this Article, a special policy for classifying risks and determining control procedures to be applied by the concerned parties.

### **SECTION IV - COMMITTEES AND ADMINISTRATIVE UNITS IN CHARGE OF THE CONTROL OF OPERATIONS FOR FIGHTING MONEY LAUNDERING AND TERRORIST FINANCING, AND THEIR TASKS**

#### **Article 10**

Each bank operating in Lebanon must:

1. Establish an AML/CFT Board Committee composed of three Board members at least, according to the following conditions:
  - To appoint a Chairman to this Board Committee chosen among its members, provided he/she is independent and has the necessary expertise.
  - To determine the remunerations of the Chairman and members of this Board Committee.

Except for the Chairman, any member of the AML/CFT Board Committee may, simultaneously, serve as member of the Audit Committee or the Risk Committee or the Remuneration Committee (Cross membership).

The Chairman of the AML/CFT Board Committee may not delegate his/her powers to any other person.
2. Establish the AML/CFT Compliance Unit (hereafter the Compliance Unit). This Unit's Head must have sufficient experience in fighting money laundering and must hold specialized certificates such as the CAMS – Certified Anti-Money Laundering Specialist – and its staff must have the required skills. The Unit must have the necessary resources to fulfil its duties.
3. Appoint, in each branch of the bank, an AML/CFT Branch Officer in charge of controlling the operations, and who is not the director of the branch. This Officer must hold a high position, have professional and academic expertise, with independent functions, and

without performing any marketing activity or receiving any kind of incentives against this activity (bonuses, remunerations, grants ...).

The AML/CFT Branch Officer's performance shall be directly evaluated by the Head of the Compliance Unit who will communicate the results of the evaluation to the Human Resources Department and to the AML/CFT Board Committee.

4. Establish, within the Compliance Unit, two Divisions at least. The first Division shall oversee the Head Office and the branches in Beirut, while the second Division shall oversee all other branches in Lebanon. Each Division shall ascertain that operations control standards are implemented by the Head Office and the branches, to ensure their compliance with AML/CFT regulations.

Whenever a bank is unable to establish the above-mentioned Divisions, it may submit to the Governor of Banque du Liban, within a time-limit ending on March 31, 2015, alternative proposals based on justified grounds that the Central Council shall consider so as to take the appropriate decision.

#### Article 11

As far as each is concerned, the committees and administrative units established at the banks, as well as other concerned officers at the bank, must comply with the procedures aiming at controlling, fighting and preventing money laundering and terrorist financing operations. These procedures include, for indicative purposes but not restrictively, the following:

1. Regarding the AML/CFT Board Committee mentioned in Paragraph 1 of Article 10 above:
  - a) To support the Board of Directors in its functions and supervisory role with respect to fighting money laundering and terrorist financing and understanding the related risks, and to assist it with making the appropriate decisions in this regard.
  - b) To review, from a risk-based approach, the reports submitted by the Compliance Unit and the Internal Audit Unit on adopted procedures, unusual operations and high-risk accounts, regarding cash deposits and withdrawals, transfers, exemptions from filling Cash Transaction Slips (CTS) and the link between these operations and economic activities, and to also take the relevant decisions.
2. Regarding the Compliance Unit:
  - a) To prepare a procedure guide on the implementation of the AML/CFT Law and the present regulations, and to submit this guide to the Board Committee mentioned in Paragraph 1 of Article 10 above.
  - b) To prepare a Form for customer's identification (KYC: Know Your Customer) that includes basic information to be provided about customers, in particular the information specified in Article 3 of these Regulations,

for indicative purposes but not restrictively, and to submit this Form to the Board Committee mentioned in Paragraph 1 of Article 10 above.

- c) To verify the proper implementation and effectiveness of AML/CFT procedures and regulations.
- d) To review periodically the above-mentioned procedures and regulations, and to develop them in line with the latest adopted methods.
- e) To prepare a staff training program concerning the methods of controlling financial and banking operations in order to fight money laundering and terrorist financing.
- f) To monitor, when the operation totals or exceeds USD 10,000 or its equivalent, the adequacy of exemption procedures whereby some well-known customers are exempted from filling the cash transaction slip, and also to determine the exemption ceiling and to modify it according to developments in the customer's economic situation.
- g) To ascertain that concerned employees are complying with the procedure guide on the implementation of AML/CFT legal and regulatory texts, and that the KYC Forms are filled, and to prepare reports to this effect.
- h) To review periodically the effectiveness of AML/CFT procedures and regulations, improve them and propose amendments thereon to the Board Committee referred to in Paragraph 1 of Article 10 above, for taking the appropriate decision.
- i) To review the daily/weekly reports received from the concerned departments and branches about cash operations and transfers.
- j) To monitor all the customer's accounts and operations on a consolidated basis, in and off balance sheet, at the Head Office and at all branches in Lebanon and abroad, to make sure that they are consistent with the information provided in the KYC Form and with any other information held by the bank.
- k) To investigate unusual operations, in particular those mentioned in Paragraph 1 of Article 7 and Paragraph (a) of Article 8, provided the reasons behind these operations and their purpose are verified, the findings documented, retained for a five-year period and submitted to the SIC upon request; and also to prepare a periodical (at least, monthly) report to this effect and submit it to the Board Committee mentioned in Paragraph 1 of Article 10 above.
- l) To approve the opening of accounts for exchange institutions.
- m) To control the accounts of the exchange institution on a consolidated basis.
- n) To prepare the agenda of the AML/CFT Board Committee.

- o) To notify directly the Chairman of the Board/Director General whenever the Compliance Unit is in possession of evidence or doubts that the banking operation involves money laundering or terrorist financing
3. Regarding Internal Audit:
- To audit cash operations, transfers, and account movements.
  - To ascertain that branches and specialized sections are complying with the procedure guide on the implementation of AML/CFT legal and regulatory texts, and that the KYC Forms are properly filled.
  - To report discrepancies to the appointed external auditor, through a periodical report.
  - To inform the Compliance Unit through reports concerning the stipulations of Paragraphs a, b and c above, and any risky or unusual operations.
4. Regarding the AML/CFT Branch Officer:
- To ascertain that the employees of the branch are complying with the procedure guide on the implementation of AML/CFT applicable laws and regulations, and that the KYC Form is properly filled.
  - To control cash operations, transfers, and any other account-related operations, in particular those carried out through ATMs, and all other operations carried out electronically (non face-to-face banking).
  - To spread awareness among the employees of the branch on the AML/CFT procedures.
  - To inform both the Head of Compliance Unit and the Head of the relevant Division within the Compliance Unit, of any unusual operations and of the branch's compliance with the required procedures; and also to submit to them directly periodic reports, without going through the director or the management of the branch.
5. Regarding the Head of the Transfers Section:
- To verify transfers credited to customers' accounts, particularly electronic transfers that do not include the name of the originator (ordering customer), exceed a specified amount and do not follow a usual pattern, in view of the nature and size of the customer's activities. To verify also the accounts in which recurrent or unusual transfers are made, and to ascertain the validity of these transfers in relation to the veracity of their sources.
  - To report to the Compliance Unit, through the Officer responsible for operations control at the branch, any doubtful transfer that may involve money laundering or terrorist financing operations.
  - To retain for a five-year period at least, a record including all the information accompanying a cross-border wire transfer received from an ordering financial institution, where limitations prevent this information from being transmitted when the bank executes a related domestic wire transfer.
6. Regarding Cashiers:
- To require from customers, except from those exempted, to fill and sign a cash transaction slip (CTS), which must include in addition to the amount involved, information on the object of the operation, the source of funds, and the beneficial owner, in case of cash deposits totaling or exceeding USD 10,000 or its equivalent, or in case of multiple cash deposits involving lower amounts but totaling or exceeding USD 10,000 or its equivalent.
  - To prepare special tables for operations that exceed the ceiling specified for customers exempted from filling the cash transaction slip, and to take the necessary technical measures to safeguard these tables, in order to make them available, upon request, to the Internal Audit Unit, the External Auditors, or the SIC.
  - To report to the Compliance Unit, through the Officer responsible for operations control at the branch, any doubtful cash deposit that may involve money laundering or terrorist financing operations.
7. Regarding the Head of the Check Section:
- To give caution and attention to checks endorsed to a third party and to bank checks that are not deposited by the first beneficiary, as well as to traveler's checks and checks issued by institutions in foreign countries, in addition to those in which the identity of the account holder is not specified.
  - To report to the Compliance Unit, through the Officer responsible for operations control at the branch, any check deemed suspicious.
  - To make sure that checks are not credited to customers' accounts before being effectively collected from the issuing banks.
8. Regarding the Branch Director:
- - To review account opening operations, to approve the exemption of certain customers from filling the cash transaction slips, and to determine the ceilings of exemption, based on criteria that justify these exemptions and ceilings, provided the names of exempted customers and the ceilings of exemption are submitted to the Compliance Unit for consideration.
  - To coordinate with the Credit Director concerning debit accounts, and with the Branches Director concerning credit accounts.
  - To make personally or to entrust the Branch Accounts Officer with making periodical visits to debtor customers to take cognizance of their business,

assess their accounts' movements, and prepare a relevant report of which a copy must be submitted to the Compliance Unit in case it shows the occurrence of unusual operations.

9. Regarding each of the Divisions established within the Compliance Unit, as mentioned in Paragraph 4 of Article 10 of this Decision:
  - a) To ascertain that operations control standards are implemented by the Head Office and the branches under its supervision, to ensure their compliance with AML/CFT regulations.
  - b) To prepare a monthly report on the compliance of the Head Office and branches with AML/CFT requirements, and to keep this report with the Senior Management.

## SECTION V - FINAL PROVISIONS

### Article 12

**FIRST:** Each bank must:

1. Establish a computerized central archive for information collected about money laundering and terrorist financing operations that includes, at least, the names circulated by the Special Investigation Commission (SIC), and those of holders of doubtful accounts reported by the bank itself. The latter must also notify the SIC of any account opened subsequently by any of these persons, whether directly, indirectly, or by proxy, as long as the SIC has not taken a decision stating that there were no reasonable grounds, at the present time, to justify the doubts that have arisen in relation to any of these persons.
2. Train the employees on a permanent basis, and ensure that the concerned employees and those in charge of the training program take part in relevant seminars, workshops and lectures, so as to keep them abreast of the latest AML/CFT methods.
3. Not close any suspicious account before consulting with the SIC.
4. Retain a special record of persons who open or activate accounts by proxy.
5. Impose, for employees' recruitment, the highest standards of honesty and integrity.
6. Require from their staff, subject to liability, to maintain absolute confidentiality and to refrain from notifying or permitting the notification of customers or any other party that the bank has or will inform the SIC in case of evidence or doubts about the existence of ML/TF operations, or that the SIC investigates or inquires about their operations or accounts, until the SIC decides to lift banking secrecy on the said accounts and to notify the concerned parties.
7. When resorting to intermediaries such as brokers and introducers, to deal only with those who meet

the criteria required from banks and financial institutions towards their customers, and to obtain immediately from them the information required under the due diligence principle, as well as, upon request, copies of any necessary documents. In addition, to remain vigilant when dealing with third parties residing in countries that do not apply the FATF Recommendations sufficiently.

### **SECOND:**

The branches of Lebanese banks operating abroad must, as a minimum, adopt the procedures mentioned in these Regulations. In case this proves to be impossible due to the Regulations' incompatibility with the mandatory laws and regulations in force in the host country, the bank must inform the SIC.

### **THIRD:**

Each Lebanese bank must apply due diligence measures towards the customers of any of its branches abroad, whenever executing an operation or opening an account in Lebanon for any such customer, even if these branches abroad are also applying due diligence measures.

### Article 13

The external auditor of the bank must:

1. Review the internal audit procedures to ascertain compliance by the bank with the provisions of the law and of these Regulations. In this respect, the external auditor shall prepare an annual report to be submitted to the Board of Directors of the bank, to the Governor of Banque du Liban, and to the Banking Control Commission. In addition to the audit results and to the external auditor's propositions to enhance operations control, the said report must include detailed information about the verification of the bank's compliance with at least the following obligations hereinafter stated for indicative purposes but not restrictively:
  - a) To comply with the provisions of Articles 3, 4, 5, 6, 10, 11, and 12 of these Regulations.
  - b) To fill the KYC Forms.
  - c) To adopt a policy and written procedures concerning the acceptance and opening of new customers' accounts.
  - d) To enquire about the source of received funds and their final destination, and about the reasons of cash operations, as specified in the Law on Fighting Money Laundering and in these Regulations; to set ceilings for cash deposits and withdrawals, and for incoming transfers from abroad that must be given due diligence; and to adopt deposit forms that show the source of deposited funds when a deposit or the total of several deposits exceeds the specified ceiling.
  - e) To prepare periodical reports (at least, quarterly) on the movement of cash deposits and withdrawals,

and on incoming transfers to customers' accounts. These reports must be reviewed by Management Officers and by the Internal Audit Unit.

- f) To include, in the adopted internal audit procedures, specific measures for reviewing compliance with the said procedures.
2. To report immediately to the Governor of Banque du Liban, in his capacity as SIC Chairman, any violation of the provisions of these Regulations.

#### Article 14

The provisions of these Regulations shall apply to financial institutions operating in Lebanon.

*Beirut, May 18, 2001*

*The Governor of the Banque du Liban*

*Riad Toufic Salamé*

### BDL Basic Circular No.2

#### Addressed to Financial Institutions

(Provisions of Article 7 Bis were added as per BDL Intermediate Circular No.274 dated August 22, 2011)

#### Article 7 bis

All financial institutions are prohibited from:

1. Undertaking money exchange operations, except when such operations are complementary or linked to those they perform, within the limits of their objects, on behalf of their customers.
2. Undertaking cross-border transportation of cash, metal coins and bullion.
3. Receiving funds from their customers, unless through checks or transfers, including funds received for the purpose of creating or covering all margins. They are, however, entitled to receive from a single customer cash amounts whose monthly total does not exceed the equivalent of USD 10,000, for reimbursing the advances granted by these institutions (including factoring operations), or for performing, in a secondary manner, various services that do not include financial intermediation (property management, phone bills' domiciliation...).
4. Executing, at their customers' request and in favour of third parties in Lebanon or abroad, foreign or domestic incoming transfers in excess of USD 1,500.

*Beirut, October 22, 1998*

*The Governor of the Banque du Liban*

*Riad Toufic Salamé*

### BDL Basic Circular No.3 Implementation Rules of the Law regulating the Money Changer Profession

(These rules were last amended by BDL Intermediate Circular No.411 dated February 29, 2016)

#### SECTION V - MISCELLANEOUS PROVISIONS

##### Article 9

Exchange institutions are required to send promptly to the concerned bank a notification including:

1. Information about any check issued by the exchange institution and drawn on the concerned bank, or about any banking transaction performed through the said bank on behalf of the exchange institution's customers, particularly whether or not the check-related transaction or the banking transaction was performed against an amount received in cash, in addition to information about the source and destination of funds, and the identity of both the beneficiary and the economic right owner, when the check or transaction exceeds USD 10,000 or its equivalent.
2. The information mentioned in Paragraph 1 of this Article, concerning any transfer performed through the bank in favor of third persons in Lebanon and resulting from an exchange operation or cross-border transportation of cash and/or precious metals, regardless of the amount being transferred.

##### Article 10

The exchange institution is prohibited from opening bank accounts at a bank where any of the institution's owners, partners, shareholders, directors or authorized signatories holds an account. The spouse and the dependent ascendants and descendants of these persons shall be considered as a single person.

Accounts held by exchange institutions at banks shall be used solely to perform exchange operations.

##### Article 11

All exchange institutions must:

- Communicate to the Banking Control Commission the name of the banks where they hold accounts and notify it of any subsequent change therein.
- Take the required measures to communicate to the Banking Control Commission the names of the banks where any of the persons mentioned in Article 10 above holds an account, and notify it of any subsequent change therein.

##### Article 12

All exchange institutions are required, when receiving from a customer cash amounts and/or metal coins and bullion

(hereafter precious metals”) to be converted into other currencies and/or precious metals, or when undertaking cross-border transportation of cash and/or precious metals, to carry out these operations solely in one of the following manners:

- by delivering cash amounts and/or precious metals to the customer, according to the case
- by issuing a check in the customer’s name payable to the first beneficiary only
- by a transfer order to the concerned customer’s account in a bank operating in Lebanon or abroad, with no request to make a transfer to a third person except within Lebanon, and provided the obligation mentioned in Paragraph 2 of Article 9 of these Rules is fulfilled, regardless of the amount being transferred.

### Article 13

1. All exchange institutions are prohibited from:
  - Making direct cash deposits in their customers’ bank accounts.
  - Accepting any proxy on behalf of their customers.
2. Exchange institutions classified as Category A are prohibited from making any transfer in excess of 1,500 US dollars that does not result from an exchange operation or a cross-border transport operation, when the transfer consists of receiving cash amounts from customers then transferring them to third persons whether in Lebanon or abroad through the institution’s bank accounts.
3. Exchange institutions are prohibited from performing any kind of exchange or non exchange operation, whether recorded in or off-balance sheet, with companies or mutual funds whose stocks or shares are fully or partially issued in bearer form, or that are directly or indirectly owned by companies or mutual funds whose stocks and shares are fully or partially issued in bearer form.

### Article 14

In the course of their activities, all exchange institutions must comply with the following:

- Not open any kind of deposit accounts for customers, whether temporary or transitional, against the cash amounts it receives from the latter.
- Perform the operations that fall within their legally authorized duties, solely through their bank accounts and without using the personal accounts held by any of the persons mentioned in Article 10 above.

### Article 15

Exchange institutions classified as Category “A” must comply with the following conditions:

1. Set sufficient and efficient procedures to fight money laundering and terrorism financing.
2. Appoint a Compliance Officer in order to control the institution’s compliance with the applicable laws and the regulations and recommendations issued by Banque du Liban, the Banking Control Commission and the Special Investigation Commission (SIC), particularly the Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering and Terrorism Financing (AML/CFT), where applicable.
3. The Compliance Officer must attend, on a continuous basis, AML/CFT training sessions or obtain specialized certificates in this field such as the CAMS – Certified Anti-Money Laundering Specialist– specified in Basic Decision No.9286 of March 3, 2006 attached to Basic Circular No. 103.
4. Establish a computerized central archive for information collected about money laundering and terrorism financing operations that include, at least, the names circulated by the Special Investigation Commission.
5. Verify periodically the skills and ethical qualifications of its employees.

Exchange institutions whose status is inconsistent with the provisions of paragraphs 2 and 4 of this Article are granted a time limit ending on January 2, 2012 to adjust their situation accordingly.

*Beirut, September 27, 2001*  
*The Governor of the Banque du Liban*  
*Riad Toufic Salamé*

## BDL Basic Circular No.63

**Addressed to Banks and Companies  
authorized to Issue Credit and Debit Cards**

(Provisions of Article 2 bis were added as per BDL Intermediate Circulars No.415 dated March 24, 2016 and No.418 dated April 22, 2016)

### Article 2 bis

Banks and institutions that issue credit and debit cards are prohibited from issuing or promoting prepaid cards.

Under this Article, the cards listed below shall not be considered as prepaid cards which issuance is prohibited:

- Cards linked to a bank account and issued in the name of a specific person (such as cards linked to a customer’s account and issued in the latter’s name or in the name of one of his/her family members, as well as cards issued upon an employer’s request to

pay employees' wages or allowances, whether the employer is a natural person or legal entity).

- Cards issued upon the request of legitimate international organizations and allocated to local humanitarian and social aid, contingent upon BDL approval.

*Beirut, June 10, 1999*

*The Governor of the Banque du Liban*

*Riad Toufic Salamé*

### BDL Basic Circular No.69

#### Addressed to Banks, Financial Institutions and Institutions performing Electronic Banking and Financial Operations

(Provisions of Article 9 were added as per BDL Intermediate Circular No.99 dated December 23, 2005 and Provisions of Article 9 bis were added as per BDL Intermediate Circular No.393 dated June 30, 2015)

#### Article 9

Institutions performing electronic funds transfers must accurately insert in the transfer order and attached messages, the full identity of the ordering party (name and address), the account number or reference number in the absence of an account number, the sources of the funds, their destination and purpose, in addition to the identity of the beneficiary and the economic right owner, as the case may be.

These institutions shall provide the competent authorities with all the above information within three working days from their request date.

#### Article 9 bis

Any of the institutions specified in Paragraphs 3 and 4 of Article 2 of this Decision and performing electronic cash transfers, must comply at least with the following:

1. To verify customers' identity and addresses based on official documents.
2. To keep specific records for operations exceeding the amount of USD 10,000 or its equivalent.
3. To retain, for at least five years, copies of the official documents (customers' identity and addresses) and of the documents relating to any operation exceeding USD 10,000 or its equivalent.
4. To set up an efficient AML/CFT internal control system that should, at least, comprise of the following:
  - a) Establishment of an efficient and effective AML/CFT procedures guide that includes due diligence measures required towards customers having frequent operations that exceed a specific amount.
  - b) Appointment of a Compliance Officer who must attend AML/CFT training sessions on a continuous basis.

- c) Adoption of software programs to monitor operations.
  - d) Preparation of periodic reports by the Compliance Officer on operations control by adopting a risk-based approach and on the degree of compliance with the required procedures, provided that such reports indicate the degree of compliance of sub-dealers with applicable procedures and regulations.
  - e) Establishment and continuous update of a computerized central archive for information collected about money laundering and terrorism financing operations that includes, at least, the names circulated by the Special Investigation Commission (SIC), and those reported to the SIC by the concerned institution.
5. To communicate to the SIC the details of any doubtful operation that may involve money laundering or terrorism financing.
  6. To request from their staff, subject to liability, to refrain from notifying the customers that the SIC investigates or inquires about their operations, unless the SIC decides otherwise.
  7. To submit to the SIC, no later than the end of April following the previous fiscal year, a copy of the annual report prepared by the external auditor to verify the AML/CFT measures implemented by the concerned institution, and to check the efficiency of these measures.

*Beirut, March 30, 2000*

*The Governor of the Banque du Liban*

*Riad Toufic Salamé*

### BDL Basic Circular No.81

#### Addressed to Banks and Financial Institutions

(Provisions of paragraph 7 of Article 1 were added as per BDL Intermediate Circular No.411 dated February 29, 2016)

#### Article 1: Paragraph 7

Banks and financial institutions are prohibited from performing any kind of banking or non-banking or financial or non-financial operations, whether recorded in or off-balance sheet, with companies or mutual funds whose stocks and shares are totally or partially issued in bearer form, or with companies or mutual funds that are directly or indirectly owned by companies or mutual funds whose stocks and shares are totally or partially issued in bearer form.

*Beirut, February 21, 2001*

*The Governor of the Banque du Liban*

*Riad Toufic Salamé*

## BDL Basic Circular No.89

### Addressed to Banks and Exchange Institutions

Cross-border transportation of cash  
and precious metals

(These Provisions were added as per BDL  
Intermediate Circular No.263 dated May 21, 2011)

#### Article 1

Exchange institutions that undertake cross-border transportation of cash and/or metal coins and bullion (hereafter "precious metals") from and to Lebanon must comply with the following conditions simultaneously:

1. They must belong to Category A and the capital they allocate to the head office and branches must not be less than five billion Lebanese pounds.
2. They must appoint an external auditor selected among internationally renowned audit firms.
3. They must separate the accounting entries relating to cross-border transportation of cash and/or precious metals from the accounting entries of their other operations.
4. They must comply with the provisions of the Law on Fighting Money Laundering and with all other relevant regulations issued by Banque du Liban and the Special Investigation Commission (SIC), particularly the Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering and Terrorism Financing (AML/CFT), where applicable.
5. They must appoint a Compliance Officer or a Compliance Unit in order to control the institution's compliance with the laws in force and the regulations and recommendations issued by Banque du Liban, the Banking Control Commission and the SIC, particularly the Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering and Terrorism Financing, where applicable.
6. The Compliance Officer or the Head of the Compliance Unit must attend, on a continuous basis, AML/CFT training sessions or obtain specialized AML/CFT certificates such as the CAMS-Certified Anti-Money Laundering Specialist-specified in Basic Decision No.9286 of March 9, 2006 attached to Basic Circular No.103.
7. They must appoint an Internal Audit Officer to perform internal audit on their operations.

The concerned institutions are granted a time limit ending on December 31, 2011 to comply with the provisions of paragraphs 2, 3, 5 and 7 of this Article, and another time limit ending on March 31, 2012 to comply with the provisions of paragraph 1 thereof.

#### Article 2

Banks and exchange institutions that undertake cross-border transportation of cash and/or precious metals

from and to Lebanon must provide the Banking Control Commission and the BDL Money Services Business Department, at the end of each month and for each currency and each metal, with the following:

- a) a monthly position prepared according to Form No. 1 exhibiting clearly the total volume of cross-border transport operations of cash and/or precious metals, from and to Lebanon.
- b) a monthly position prepared according to Form No.2 exhibiting clearly the number of cross-border transport operations of cash and/or precious metals from and to Lebanon.
- c) a monthly position prepared according to Form No.3 exhibiting the total transportation volume of cash and/or precious metals inside Lebanon, computed on the basis of operations performed among these institutions, and between these institutions and the banks and institutions regulated by Banque du Liban and not undertaking cross-border transportation of cash and/or precious metals.
- d) a monthly position prepared according to Form No.4 exhibiting all transport operations inside Lebanon of cash and/or precious metals whose amount is equivalent to or in excess of US dollar 10,000.

#### Article 3

Banks that do not undertake cross-border transportation of cash and/or precious metals from and to Lebanon must provide the Banking Control Commission and the BDL Money Services Business Department with a monthly position prepared according to Form No.3, exhibiting the transportation volume of cash and/or precious metals inside Lebanon, computed on the basis of operations performed among these banks, and between these banks and the institutions regulated by Banque du Liban and not undertaking cross-border transportation of cash and/or precious metals.

#### Article 4

The monthly positions mentioned in Articles 2 and 3 above shall be sent on compact discs within ten days from the end of the reported month, whether or not cross-border transport operations of cash and/or precious metals from and to Lebanon or transport operations of cash and/or precious metals inside Lebanon have taken place.

#### Article 5

This Decision shall come into force upon its issuance.

#### Article 6

This Decision shall be published in the Official Gazette.

*Beirut, January 11, 2002*

*The Governor of the Banque du Liban  
Riad Toufic Salamé*



## BDL Basic Circular No.126

### Addressed to Banks and Financial Institutions

The Relationship between Banks and Financial Institutions and their Correspondents

#### Article 1

Banks and financial institutions operating in Lebanon must:

1. Implement strictly the Regulations for the Control of Financial and Banking Operations for Fighting Money Laundering and Terrorism Financing, particularly with customers who request the conduct of cross-border operations by way of correspondent banks and financial institutions, by:
  - a) Adopting a risk-based approach and vetting the identity of both the customers and the economic right owner and obtaining the requisite information and setting procedures for monitoring their operations and accounts on an ongoing basis.
  - b) Updating their database for money laundering and terrorism financing operations, in conformity with the provisions of this Decision.
  - c) Notifying the Special Investigation Commission of any operation suspected of contravening the obligations set out in this Decision.
2. Be fully informed of the laws and regulations governing their correspondents abroad, and deal with the latter in conformity with the laws, regulations, procedures, sanctions and restrictions adopted by international legal organizations or by the sovereign authorities in the correspondents' home countries.

Within this scope, banks and financial institutions must adopt the utmost accuracy and due diligence to vet the identity of the economic right owner in the operations conducted.

The provisions of this Article shall govern any dealings between banks and financial institutions operating in Lebanon, and their branches, subsidiaries or sister companies abroad.

3. Control the transactions on payable-through accounts and strictly implement the enhanced due diligence measures on concerned customers.

#### Article 2

External auditors must check banks and financial institutions' compliance with the provisions of this Decision. They must also insert in their report on the procedures adopted to control financial and banking operations for fighting money laundering and terrorism financing, detailed information about their inspection of the adopted procedures, the results of their audit, and their remarks in this regard.

#### Article 3

Any party violating the provisions of this Decision shall incur the administrative sanctions stipulated in the applicable laws and regulations, particularly the sanctions stipulated in Article 208 of the Code of Money and Credit.

#### Article 4

This Decision shall come into force upon its issuance.

#### Article 5

This Decision shall be published in the Official Gazette.

*Beirut, April 5, 2012*

*The Governor of the Banque du Liban*

*Riad Toufic Salamé*

## BDL Basic Circular No.136

### Addressed to Banks and Financial Institutions and all other institutions licensed or supervised by Banque du Liban

#### Article 1

Banks, Financial Institutions and all other institutions licensed or supervised by Banque du Liban, are requested, as far as each is concerned:

1. To review constantly any update on the UN Security Council Website concerning the names designated in the lists issued pursuant to UN Security Council Resolutions 1267 (1999), 1988 (2011), 1989 (2011), and related successor resolutions and/or issued by the Special Sanctions Committees; and to automatically and immediately freeze, without delay and without any prior notice, the funds, accounts, operations, or other assets in whatever form (direct or indirect, joint...) related to these names, as soon as such names are listed; and to inform the Special Investigation Commission of this action and provide it with any information in this respect within a period not exceeding 48 hours.
2. To report to the Special Investigation Commission in case of similarity between the name of a customer and any designated name and details included in the lists issued pursuant to the UN Security Council Resolutions referred to in Paragraph 1 above and/or issued by the Special Sanctions Committees.

#### Article 2

The provisions of this Circular shall be applicable to branches, sister institutions and subsidiaries abroad.

#### Article 3

Any party violating the provisions of this Circular shall incur the sanctions stipulated in Article 13 of

Law No.44 of November 24, 2015, particularly for non-compliance with the immediate freezing obligation referred to in Article 1, paragraph 1 above.

#### Article 4

This Decision shall enter into force upon its issuance.

#### Article 5

This Decision shall be published in the Official Gazette.

*Beirut, December 22, 2015*

*The Governor of the Banque du Liban*

*Riad Toufic Salamé*

### BDL Basic Circular No.137

#### Addressed to Banks, Financial Institutions, And all other Institutions regulated by Banque du Liban

Dealing with the U.S. Act of December 18, 2015 and with its Implementing Regulations regarding the prevention of access by Hizballah to international financial and other institutions

#### Article 1

In implementing the provisions of Basic Decision No. 10965 of April 5, 2012, attached to Basic Circular No. 126 (Relationship between Banks and Financial Institutions and their Correspondents), banks and financial institutions and all other institutions regulated by Banque du Liban shall take upon their responsibility to act as follows:

##### FIRST:

Execute their operations in compliance with the provisions of the US Act of December 18, 2015 and its implementing regulations.

##### SECOND:

Promptly notify the Special Investigation Commission of the procedures and measures taken in compliance with the above-mentioned US Act and its implementing regulations, in particular freezing or closing any account held by any client, or refraining from dealing with, or opening any account to any such client, while justifying the reasons behind any such procedures and measures.

#### Article 2

All regulatory and implementing provisions that do not contravene the procedures and measures specified in Paragraph Second of Article 1 above shall remain in force.

#### Article 3

This Decision shall be effective upon its issuance.

#### Article 4

This Decision shall be published in the Official Gazette.

*Beirut, May 3, 2016*

*The Governor of the Banque du Liban*

*Riad Toufic Salamé*

### BDL Basic Circular No.138

#### Addressed to Banks and Financial Institutions

Exchange of Tax Information covered by Banking Secrecy, in line with international standards

#### Article 1

As far as each is concerned, banks and financial institutions shall take at their own full responsibility the appropriate administrative and technical measures required to provide the Special Investigation Commission (SIC) with the information that the concerned foreign authorities request from the Lebanese Ministry of Finance regarding the accounts of residents in the requesting countries. Any such request of information shall take place within the tax information exchange framework, in compliance with the recommendations issued by the Global Forum on Transparency and Exchange of Information for Tax Purposes and by the OECD, and according to the regulatory mechanism to be set for that purpose by the SIC in coordination with Banque du Liban.

#### Article 2

This Decision shall come into force upon its issuance.

#### Article 3

This Decision shall be published in the Official Gazette.

*Beirut, August 5, 2016*

*The Governor of the Banque du Liban*

*Riad Toufic Salamé*

### BDL Basic Circular No.139

#### Addressed to Banks and Financial Institutions

Common Reporting Standard

#### Article 1: Definitions

##### FIRST:

For the purpose of implementing the provisions of Law No 55 of 27 October 2016 (Exchange of Information for Tax Purposes) and the provisions of this Decision, the following definitions shall be adopted:

- 1. Law:** Law No 55 of 27 October 2016.

2. **Decree:** the Decree relating to the detailed implementation of Subparagraph 3, Paragraph Sixth of Law No 55 of 27 October 2016 (Exchange of Information for Tax Purposes),
  3. **Standard:** the Common Reporting Standard for the automatic exchange of information and the related commentaries, which was approved by the OECD Council on 15 July 2014, and contains the reporting and due diligence procedures for the automatic exchange of information, including any subsequent amendment and explanation thereto published by the OECD.
  4. **Participating jurisdiction:** any jurisdiction listed in Table 3 of the Decree.
  5. **Financial Institution:**
    - a) Any bank, financial institution, company, or organism regulated by Banque du Liban and performing activities that are similar to those of the financial institution as defined in Section VIII of the Standard.
    - b) This definition excludes the branches located outside Lebanon of the financial institutions defined in Clause (a) above.
    - c) The definition in Clause (a) includes the branches operating in Lebanon of financial institutions that are not resident in Lebanon, and which perform the activities of the Financial Institution as defined in Section VIII of the Standard.
  6. **Reporting Financial Institution:** any Financial Institution that is not a Non-Reporting Financial Institution, as defined below.
  7. **Non-reporting Financial Institution:**
    - a) Any Financial Institution as defined in Section VIII, Subparagraphs [B1 (a), (b), (d) and (e)] of the Standard; or
    - b) Any entity listed in Table 2 of the Decree.
  8. **Financial account:** any account as defined in Section VIII of the Standard.
  9. **Pre-existing account:** any financial account maintained by a Reporting Financial Institution on 30 June 2017.
  10. **New account:** a Financial Account opened at a Reporting Financial Institution on or after 1 July 2017.
  11. **High-value account:** a Pre-existing Account held by one or more natural persons/individuals, whose aggregate balance or value exceeds the amount of USD 1,000,000 on 30 June 2017 and 31 December 2017, or on 31 December of any subsequent year.
  12. **Lower-value account:** a Pre-existing Account held by one or more natural persons/individuals, whose aggregate balance or value does not exceed the amount of USD 1,000,000 on 30 June 2017.
  13. **Excluded account:**
    - a) Any account as defined in Section VIII, Subparagraphs [C17 (a) to (f)] of the Standard; or
    - b) Any account listed as an Excluded Account in Table 1 of the Decree.
  14. **Information return:** a report containing the information specified in Section I of the Standard.
  15. **Account holder:** any person as defined in Section VIII, Subparagraph [E1] of the Standard.
  16. **Controlling person:** any person as defined in Section VIII of the Standard.
  17. **Change in circumstances:** any change which yields additional information about a person's status or information that is inconsistent with such status. The expression "change in circumstances" shall also cover any change in, or addition to the information related to the Account Holder's account (including any addition, substitution, or other change in the Account Holder's status), or any change in the information related to any other account linked to the Account Holder's account (based on the financial accounts aggregation rules specified in Section VII, Subparagraphs [C1 to 3] of the Standard), in case that change or addition of information affects the Account Holder's status.
- SECOND:**
1. For the purpose of implementing Section I of the Standard, Reportable Jurisdiction shall mean any jurisdiction listed in Table 4 of the Decree.
  2. For the purpose of implementing the due diligence procedures specified in Sections II through VII of the Standard and in this Decision, Reportable Jurisdiction shall mean any jurisdiction other than Lebanon and the United States of America.
  3. For the purpose of implementing this Decision, the date to be specified in the definition of "Qualified Credit Card Issuer" in Section VIII, Subparagraph [B8] of the Standard, shall be 1 July 2017 inclusively.
- THIRD:**
- Any term or expression defined in the Standard but not in Paragraph "Second" of the Law or in this Decision, shall have the same meaning set forth in the Standard.
- Article 2: Due Diligence Obligations**
1. Reporting Financial Institutions shall comply with the following:
    - a) To establish, keep, and document the due diligence procedures stipulated in Sections II through VII of the Standard, as well as the procedures stipulated in Articles 2 and 3 of this Decision.
    - b) To identify reportable accounts by implementing the due diligence procedures stipulated in Sections II

through VII of the Standard, without prejudice to Paragraph 2 of this Article.

- c) To treat the financial account as a reportable account, as of the date it is identified as such, in accordance with the due diligence procedures stipulated in Sections II through VII of the Standard. In case no other time-limit is set, the account-related information shall be reported annually, as of the year following the year to which the information relates.
  - d) For the purpose of this Decision, to treat an account with a negative balance or value as an account with a balance or value equal to nil.
  - e) For the purpose of determining the balance or value of an account opened at a Reporting Financial Institution, to convert the account's balance or value into the US dollar, at the official exchange rate set by Banque du Liban, so as to identify the accounts subject to a threshold on 30 June 2017, 31 December 2017, or 31 December of any subsequent year.
  - f) For the purpose of this Decision, to treat a Financial Account held by a person as partner in a partnership, and used by that person in that capacity, as an entity account.
  - g) Whenever a Reporting Financial Institution relies on information collected pursuant to AML/KYC procedures in order to identify the Controlling Person of the New Entity Account Holder (Section VI, Subparagraph [A2 (b)] of the Standard), these procedures must be consistent with the FATF-Financial Action Task Force Recommendations 10 and 25 (as adopted in February 2012).
2. Reporting Financial Institutions may adopt the following procedures:
    - a) To apply the Residence Address Test to Lower Value Accounts held by natural persons/individuals, as defined in Section III, Subparagraph [B1] of the Standard.
    - b) To apply Section V, Paragraphs [A to C] of the Standard, to determine whether a Pre-existing Entity Account is subject to the due diligence procedures specified in Section V of the Standard.
    - c) Regarding New Entity Accounts, to rely solely on a self-certification from the Account Holder or from the Controlling Person, so as to determine whether a Controlling Person of a Passive NFE is a Reportable Person, as defined in Section VIII of the Standard.
  3. The due diligence procedures with respect to the Standard's Sections and Paragraphs enumerated below, shall be implemented according to the following dates:
    - a) Section III "Due diligence for Pre-existing Individual Accounts":
      1. Subparagraph [C6]: 30 June 2017
      2. Paragraph D: 31 December 2017 for High Value Accounts; and 31 December 2018 for Lower Value Accounts.
    - b) Section V "Due diligence for Pre-existing Entity Accounts":
      1. Paragraph A: 30 June 2017
      2. Paragraph B: 30 June 2017 concerning both dates
      3. Paragraph E:
        - Subparagraph [E1]: 30 June 2017 and 31 December 2018, respectively.
        - Subparagraph [E2]: 30 June 2017
    - c) Upon the implementation of the Standard, Section III-Subparagraph [C6], Section V-Paragraphs A and B and Subparagraph [E2], and Section VIII-Subparagraph [C15], and only for that purpose, the expressions "the last day of any subsequent year" and "31 December of any subsequent year" shall mean "31 December 2017 and 31 December of any subsequent year".

### Article 3: Reporting Obligation

1. The Reporting Financial Institution shall directly submit to the Ministry of Finance an Information Return that contains the information relating to the calendar year 2017 and to each subsequent calendar year, with respect to each financial account identified as a reportable account maintained by the Reporting Financial Institution at any time during the year. Banque du Liban shall remain the sole regulatory body in charge of the sound implementation of the Law, the Decree, and this Decision.
2. In case a Reporting Financial Institution applies, during a calendar year, the due diligence procedures set forth in Article 2 of this Decision, and if no account is identified as a reportable account, then such Reporting Financial Institution shall submit an Information Return evidencing that it maintains no such reportable accounts in respect of that year.
3. The Reporting Financial Institution shall submit an electronic Information Return directly to the Ministry of Finance, no later than 30 June of the year following the reporting calendar year. This Information Return shall then be forwarded to the competent authority of the relevant jurisdiction specified in Table 4 of the Decree, no later than 30 September of the year following the reporting calendar year, provided the first information exchange takes place at the latest by 30 September 2018.

### Article 4: Records

1. Each Reporting Financial Institution must retain the records it has received or has prepared pursuant to the provisions of this Decision, including any documentary

evidence and self-certification submitted by the account-related person.

2. Under this Decision, each Reporting Financial Institution that retains electronic records must keep these records in an electronically readable format throughout the period specified in Paragraph 4 below.
3. Under this Decision, each Reporting Financial Institution that has obtained or has created records in a language other than Arabic, must provide, upon request and at its own expense, a translation of such records into Arabic.
4. Under this Decision, each Reporting Financial Institution must keep the records and documents relating to the entries received or created pursuant to this Decision, for a minimum period of 10 years:
  - a) For the self-certification submitted by the account-related person: starting from the closing date of the concerned Financial Account.
  - b) In all other cases: starting from the end of the last calendar year referred to in the record.

#### Article 5: Control and Review of Books and Records

In addition to their respective authority and for the purpose of controlling the proper implementation of this Decision, Banque du Liban and/or the Special Investigation Commission (SIC) may request the Reporting Financial Institution to provide, within a period of no less than 14 days, any information and copies of any books, records, or documents.

#### Article 6: Anti-avoidance

If a person enters in any arrangements or engages in practices that could be considered as being mainly or secondarily intended to avoid any obligations imposed by law or under this Decision, that person shall remain subject to the obligation he/she has attempted to avoid, as if he/she has neither entered in any such arrangements nor engaged in any such practices.

#### Article 7: Sanctions

Each Reporting Financial Institution that contravenes the provisions of this Decision or fails to comply with the obligations thereof, shall be subject to the fine stipulated in the applicable laws, without prejudice to the right of Banque du Liban and/or the SIC to impose administrative sanctions and financial penalties pursuant to the Code of Money and Credit and to Law No 44 of 24 November 2015.

#### Article 8: Interpretation

The provisions of this Decision must be read and implemented in accordance with the Standard and its commentaries and with each amendment thereto.

#### Article 9: Date of Enforcement

This Decision shall come into effect as of 1 July 2017.

#### Article 10:

This Decision shall be published in the Official Gazette.

*Beirut, 21 July 2017*

*The Governor of Banque du Liban*

*Riad Toufic Salamé*

### BDL Basic Circular No.144

**Addressed to Banks and to Financial Institutions**  
Cybercrime Prevention

#### FIRST: CYBERCRIME PREVENTION POLICIES AND PROCEDURES

##### Article 1

Banks and financial institutions must set policies and adopt measures and procedures relating to cybercrime prevention, and comprising at least:

- I. General policies prescribing the following actions:
  1. To analyze potential cybercrime risks, and to follow up the latest updates concerning cybersecurity technologies.
  2. To allocate the necessary funds and budget in order to set and implement cybersecurity policy, systems, and rules.
  3. To prepare insurance contracts that cover cybercrime risks.
  4. To set and continuously update the plans needed for cybercrime prevention (e.g. incident response planning, disaster recovery and business continuity plan, first responder training plan...).
  5. To create a task force for cybercrime prevention.
  6. To exchange information on cybercrime with the concerned parties inside or outside the bank/financial institution.
  7. To raise awareness among employees and customers regarding cybercrime prevention.
  8. To monitor changes in employees' habits and behavior, particularly employees having elevated privileges to access IT systems.
  9. To be vigilant and cautious when selecting contractors for tasks related to IT systems, and to make sure that these contractors do not in turn outsource these tasks to less reliable parties.
- II. Technical procedures encompassing the following actions:
  1. To adopt a minimum two-factor authentication technique, particularly to check the right of outside users to access the system of the bank/financial institution.

2. To use an end-to-end, high-grade encryption for crucial data, to avoid loss and tampering of such data.
3. To adopt tight rules for filtering incoming e-mails and for controlling external access to mailboxes.
4. To update the systems of all computers, and to check the safety of the computers assigned for the external use of the bank/financial institution's employees.
5. To carry on penetration tests to detect any possible vulnerabilities in the network.
6. To monitor the network traffic in order to detect any unusual behavior, whether through the quality or the number of sent batches.
7. To check and monitor data integrity, in order to detect any illegal tampering with data, and to trace back the source of the illegal access to such data.

## SECOND: FINANCIAL CYBERCRIME PREVENTION PROCEDURES

### Article 2

As far as each is concerned, banks and financial institutions must adopt in general and on their own responsibility, the appropriate administrative, technical and judicial procedures which enable them to remain vigilant, to monitor and combat financial cybercrime. They must particularly:

1. Consider the guidelines specified in the Cybercrime Prevention Guide, Part 1, Section 1, as cybercrime indicators.
2. Adopt the Cybercrime Prevention Policies and Procedures specified in the Cybercrime Prevention Guide, Part 1, Section 2.
3. Set specific internal systems and procedures regarding the execution of funds transfer orders received electronically (through e-mail, e-banking, etc.)
4. To incorporate in the contract signed with the customer specific provisions that determine, apart from e-mail, other means of communication with the customer (such as phone calls), in order to validate transfer orders received electronically, provided any change in these means of communication takes place only through the contracting parties' written agreement.
5. To inform the customer of the risks associated with transfer orders sent through e-mail, to advise him/her to use safer means, and to obtain his/her risk-bearing written consent.
6. To provide the customer with the "Guidelines for Individuals and all other Non-Financial Institutions and Entities" specified in the Cybercrime Prevention Guide, Part 2.
7. To request from customers to promptly report any cybercrime, whenever they become aware or detect or

are notified that they have been, or were likely to be, victims of a cybercrime.

### Article 3

Banks and financial institutions are requested, whenever they detect or become aware or are notified that they have been the victims, or that any of their customers has been the victim of a financial cybercrime, to take prompt and effective actions that include, at least, the remedial measures mentioned in the Cybercrime Prevention Guide, Part 1, Section 3, particularly:

1. To provide both the correspondent bank and the beneficiary bank/financial institution with all relevant information, and to request the cancelling and the refund of the funds transfer.
2. To communicate to the Special Investigation Commission (SIC) any relevant information and correspondence, including technical information about:
  - The customer's IP address or the IP address used to send the suspicious funds transfer orders.
  - The name of the Internet Service Provider through which the suspicious funds transfer orders were sent.
  - The name of the Internet Service Provider used for the unauthorized access to the customer's account, through electronic banking.
3. To advise the customer to file a report or a judicial complaint before the competent authorities.

### Article 4

This Decision shall come into effect upon its issuance.

### Article 5

This Decision shall be published in the Official Gazette.

*Beirut, 28 November 2017*

*The Governor of Banque du Liban*

*Riad Toufic Salamé*

## Capital Markets Authority Decision No. 10

### Addressed to Financial Intermediation Institutions

(Previously BDL Intermediate Circular No. 273 dated August 22, 2011)

### Article 2

2. In order to carry out their activities, financial intermediation institutions are entitled to perform operations that are complementary to their object. However, they are prohibited from:
  - a) Undertaking exchange operations, except when such operations are complementary or related to

those performed, within the limits of their object, on behalf of their customers.

- b) Undertaking cross-border transportation of cash, metal coins and bullion.
  - c) Undertaking any commercial or industrial activity or any activity not related to financial intermediation.
3. Financial intermediation institutions are prohibited from:
- a) Receiving funds from their customers, unless through checks or transfers, including those received for the purpose of creating or covering all margins.
  - b) Executing, at their customers' request in favour of third parties in Lebanon or abroad, foreign or domestic incoming transfers in excess of USD 1,500.

*Beirut, December 20, 2013*

*The Governor of the Banque du Liban  
Chairman of the Capital Markets Authority  
Riad Toufic Salamé*

### **Special Investigation Commission Circular 1**

#### **Addressed to Institutions Not Governed by the Banking Secrecy Law**

All institutions not governed by the Banking Secrecy Law of 3/9/1956, including individual institutions, and particularly money dealers, financial brokerage firms, leasing companies, mutual funds, insurance companies, real estate development, promotion and sale companies, high-value items merchants (jewelry, precious stones, gold, works of art, archeological artifacts), must abide by the provisions of Law 318 of 20/4/2001 (on fighting money laundering), especially in keeping special records for operations whose value exceeds an amount of ten thousand dollars or the equivalent.

The above-mentioned institutions must also report, in accordance with the attached form, any suspicious, money-laundering operation.

This Circular shall be published in the Official Gazette and shall be effective upon its publication.

*Beirut, July 4, 2001*

*Chairman of the Special Investigation Commission  
The Governor of the Banque du Liban  
Riad Toufic Salamé*

### **Special Investigation Commission Circular 2**

#### **Addressed to Banks and Other Institutions Bound to Report on Money Laundering Operations**

Pursuant to the Decision taken by the Special Investigation Commission (SIC) in its meeting of 10/7/2001, Pursuant to the provisions of Article 7, Paragraph 1, and Article 11 of Law 318 of 20/4/2001 on Fighting Money Laundering, and to the provisions of Article 6 of the Regulation on the Control of Financial and Banking Operations for Fighting Money Laundering, attached to BDL Decision 7818 of 18/5/2001,

All Banks and other institutions bound to report on money laundering operations, when reporting details of operations suspected or ascertained to be involving money laundering, must send information in a sealed envelope on which the expression "Strictly Confidential" is clearly indicated. The envelope should be addressed, as specified by law and regulations according to the case, to the Secretariat of the SIC Chairman/Governor of the Banque du Liban, or to the SIC Secretariat.

This Circular shall be published in the Official Gazette and shall be effective upon its publication.

*Beirut, July 20, 2001*

*Chairman of the Special Investigation Commission  
The Governor of the Banque du Liban  
Riad Toufic Salamé*

### **Special Investigation Commission Circular 4 amended by Circular 13**

#### **Addressed to Banks and Financial Institutions SIC Circular 4**

In reference to the Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering attached to the basic Decision No. 7818 of May 18, 2001 especially articles 3 and 4.

All banks and financial institutions that did not finalize to date re-verifying their clients' identity and the beneficial owner (KYC) especially for those dealing with them prior to Law 318 of 20/4/2001 are required to finalize this process no later than 30/6/2004. This shall contain as a minimum the information attached to this Circular.

*Beirut, September 18, 2003*

*Chairman of the Special Investigation Commission  
The Governor of the Banque du Liban  
Riad Toufic Salamé*

## SIC Circular 13

Pursuant to the provisions of BDL Basic Decision No. 7818 of May 18, 2001 (Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering and Terrorism Financing), particularly Articles 3 and 4 thereof, With reference to SIC Circular 4 of September 18, 2003 addressed to banks and financial institutions, and Pursuant to the SIC Decision taken in its meeting of May 26, 2011,

The informative statement attached to the above-mentioned Circular 4 is replaced with statements No. 1 and No. 2 attached to this Circular.

Beirut, May 27, 2011

Chairman of the Special Investigation Commission  
The Governor of the Banque du Liban  
Riad Toufic Salamé

## Special Investigation Commission Circular 5 amended by Circular 12

Addressed to External Auditors

### SIC Circular 5

Pursuant to the Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering, attached to Basic Decision No. 7818 of May 18, 2001, particularly to the provisions of Article 13,

External auditors at banks and financial institutions are requested to submit to the relevant authorities, by the end of March following the year during which the audit has been carried out, the annual report they must prepare pursuant to Article 13 of the afore-mentioned Regulations. This annual report shall include:

1. The auditors' recommendations on enhancing the control process, and their evaluation of internal control procedures adopted for fighting money laundering.
2. An explicit statement that, following the audit of necessary samples, the auditors have verified, on their own responsibility, compliance with the obligations specified in the attachment, as a minimum.

Beirut, April 29, 2004

Chairman of the Special Investigation Commission  
The Governor of the Banque du Liban  
Riad Toufic Salamé

## SIC Circular 12

Pursuant to the Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering and Terrorism Financing, attached to BDL Basic Decision No. 7818 of May 18, 2001, particularly Article 13 thereof, With reference to SIC Circular No. 5 of April 29, 2004 addressed to external auditors, and Pursuant to the SIC decision taken in its meeting of May 26, 2011,

The annex attached to the above-mentioned SIC Circular 5 is replaced with the annex attached to this Circular.

Beirut, May 27, 2011

Chairman of the Special Investigation Commission  
The Governor of the Banque du Liban  
Riad Toufic Salamé

## Attachment To SIC Circular 5

- I. To verify whether or not banks/financial institutions comply with the following obligations:
  1. Making sure, when establishing a relation with a foreign correspondent bank, that the latter is not a shell bank, that it really exists, based on submitted documentary evidence, that it does not deal with shell banks, has a good reputation, is subject to a good control and implements sufficient and effective procedures to fight money laundering and terrorism financing.
  2. Adopting the KYC Form that must include, at least, basic information about customers, as required

by amended SIC Circular No. 4; checking the identity of permanent and transient customers, residents and non-residents, and the identity of their proxies; obtaining from natural persons documents proving their identity, and from legal entities duly authenticated documents about their statutes, the registration certificate, the ownership structure, a list showing the distribution of stock or shares (whether directly or indirectly), a list with the names of authorized signatories, a copy of the identity of the legal representative, the directors and the natural persons owning, whether directly or indirectly, a share that gives them effective control over the company's management; and implementing due diligence measures on the non-professional proxy.

3. Checking periodically the identity of customers and re-determining the identity of economic right owners, including the owners of accounts opened before the promulgation of the Law on fighting money laundering; and preparing timed action plans for the fulfillment of these obligations.
  4. Adopting a special Form for determining the economic right owner's identity and the source of funds, as stipulated in Articles 4 and 7 of the Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering and Terrorism Financing, and circulating this Form to all branches for using it in case of doubt about the economic right owner's identity or the source of funds.
  5. Retaining information on the customer, at least for five years after closing the account or ending the business relation, particularly the customer's full name, residential address, occupation and financial status, in addition to copies of all documents used to verify the above-mentioned information. Retaining as well copies of all operations-related documents, for at least five years after performing the operation.
  6. Establishing the Special Committee for Fighting Money Laundering and Terrorism Financing stipulated in Article 10, Paragraph 1 of the Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering and Terrorism Financing, and specifying its tasks pursuant to Article 11 of these Regulations. The fulfillment of these tasks must be verified by the external auditor.
  7. Establishing "the Compliance Unit" stipulated in Article 10, Paragraph 2 of the Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering and Terrorism Financing, and specifying its tasks pursuant to Article 11 of these Regulations. The fulfillment of these tasks must be verified by the external auditor, based on the reports prepared by this Unit.
  8. Establishing a computerized central archive for collected information that includes, at least, the names circulated by the SIC, and those of holders of doubtful accounts reported by the bank or financial institution. This archive must be updated on a continuous basis.
  9. Using a special register or a software program that records the names of persons who open or activate accounts by proxy.
  10. Using specialized software programs that enable the retrieval of periodical reports for monitoring customers' accounts and the operations to which apply, for indicative purposes and not restrictively, the indicators specified in Article 8 of the Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering and Terrorism Financing.
  11. Appointing, in each of the bank/financial institution's branch, an Officer responsible for the control of operations, who shall fulfill his duties, particularly, in monitoring cash operations, transfers and any other operations.
  12. Reporting to the Governor of Banque du Liban, in his capacity as SIC Chairman, any operation suspected of involving money laundering and terrorism financing.
  13. Ensuring the continuous training of the concerned staff and officers and their participation in seminars, workshops and conferences, so as to keep them abreast of AML/CFT methods.
  14. Preparing a procedure guide about the obligations stipulated in the Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering and Terrorism Financing. This guide must take into account the structure of the bank/financial institution and its departments, and must be communicated to all employees and branches for adoption.
  15. Receiving the notification stipulated in Article 7, Paragraph 2 of the Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering and Terrorism Financing.
  16. Adopting a risk-based approach to classify customers and operations according to risk levels, and establishing risk-based control measures and procedures, as specified in Article 9 of the Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering and Terrorism Financing.
- II. To verify, in the bank/financial institution, that the Internal Audit Director, the Officer responsible for operations control at the branch, the Head of Transfers and Checks Sections, the cashiers, and the branch director are fulfilling their obligations, as stipulated in Article 11 of the Regulations on the Control of Financial

and Banking Operations for Fighting Money Laundering and Terrorism Financing.

- III. To verify whether the decision taken by the director of the bank/financial institution's branch to exempt some customers from filling the cash transaction slip (CTS) and to set ceilings for such exemptions was based on valid criteria that justify these exemptions and ceilings, and to make sure that the CTS is filled by non-exempted customers.
- IV. To verify basic obligations that are not included in the procedure guide stipulated in Article 11, Paragraph 1, Subparagraph (a) of the Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering and Terrorism Financing, or that are in contradiction with the said guide.

### Special Investigation Commission Circular 7

#### Addressed to Financial Brokerage Firms

Pursuant to Law No.318 of April 20, 2001 on Fighting Money Laundering and its amendments, particularly Article 4 and Article 7 (paragraph 1), financial brokerage firms are requested to comply with the following provisions as a minimum:

1. To ascertain the identity and business of correspondent banks and require them to produce documented evidence proving they are not shell banks.
2. To check the identity of permanent and transient clients, residents and non-residents, and that of their proxies. To obtain from individuals documents proving their identity and residence, and from legal entities registration documents, statutes and addresses, in addition to the identity of persons authorized to sign on their behalf. To adopt, for this purpose, a KYC Form (KYC: Know Your Customer) that should include, as a minimum, basic information about the client (full name, date and place of birth, nationality, address, social status, detailed occupation, financial status, beneficial owner, signature and date).
3. To recheck periodically, particularly when suspicion arises, the identity of clients and beneficial owner, including the holders of accounts opened before the promulgation of the Law on Fighting Money Laundering, for the purpose of updating the information of KYC Forms and obtaining the documents needed for evidence.
4. To keep the documents related to the clients and operations mentioned in Paragraph 2, for at least five years after closing the account or carrying out the operation.

5. To appoint a Compliance Officer entrusted with the following duties:
  - To prepare an anti-money laundering manual that includes provisions stipulated in this Circular, with due consideration of the structure and departments of the financial brokerage firm, and to update the manual when needed. Also, to prepare the KYC Form mentioned in paragraph 2 above, and to submit the manual and the KYC Form to the Board of Directors for approval.
  - To monitor accounts, implementation, and efficiency of anti-money laundering procedures (through adequate software programs when needed, that display money-laundering indicators), in order to identify suspicious transactions; and to provide relevant periodical reports to the Board of Directors.
  - To train personnel on procedures and methods to fight money laundering.
6. To fill the cash transaction slip (CTS) that includes a special section showing the source of funds exceeding USD 10,000 or its equivalent. The Compliance Officer may exempt some clients from this procedure after setting a ceiling, such exemptions must be based on justifiable criteria.
7. To establish a database for collected information and update it continuously. This database should include, at least, the names communicated by the Special Investigation Commission, and those of holders of suspicious accounts and reported by the institution. To notify the SIC about any account opened subsequently by any of these persons, whether directly, indirectly, or by proxy.
8. To keep a special register or software program for recording the names of persons who open or activate accounts by proxy.
9. To refrain from closing a suspicious account before referring to the SIC.
10. To prohibit staff, under disciplinary sanctions, from tipping-off the concerned customers subject an investigation by the SIC, before the latter takes a decision to inform the related parties.
11. To report to the Governor of Banque du Liban, in his capacity of Chairman of the Special Investigation Commission, any operation suspected to involve money laundering.

This Circular shall be published in the Official Gazette and shall be effective upon its issuing.

*Beirut, August 18, 2005*

*Chairman of the Special Investigation Commission*

*The Governor of the Banque du Liban*

*Riad Toufic Salamé*

## Special Investigation Commission Circular 8

### Addressed to Banks and Financial Institutions

Pursuant to the provisions of Law 318 of April 20, 2001, on Fighting Money Laundering, particularly those stipulated by Article 6, Paragraph 4,

Pursuant to the provisions of Article 12, Paragraph 6, of the Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering, attached to Basic Decision No.7818 of May 18, 2001, and

Pursuant to the Decision of the Special Investigation Commission, taken in its meeting of November 2, 2006, Banks and financial institutions are requested:

- To rigorously implement the provisions of Article 12, Paragraph 6, of the Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering, attached to Basic Decision No.7818 of May 18, 2001. In this respect, they must ascertain that all their staff and employees are complying with the obligation to refrain from disclosing information to any client concerning SIC actions related to the client, whether in the form of enquiry, accounts auditing or temporary freezing.
- To take constantly into account that SIC enquiries and audits do not prevent banks and financial institutions from normally dealing or continuing to deal with “the client”, as long as the SIC does not decide the contrary.
- To comply with the above-mentioned procedures, knowing that the Chairman of the Board will be held responsible for non-compliance.

*Beirut, November 7, 2006*

*Chairman of the Special Investigation Commission*

*The Governor of the Banque du Liban*

*Riad Toufic Salamé*

## Special Investigation Commission Circular 9

### Addressed to Banks

Pursuant to the provisions of Law 318 of April 20, 2001, on Fighting Money Laundering, particularly Article 6, Paragraph 4 thereof,

Pursuant to the provisions of Article 11, Paragraph 7, Subparagraph (c) of the Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering, attached to Basic Decision No.7818 of May 18, 2001, and

Pursuant to the Decision of the Special Investigation Commission, taken in its meeting of December 4, 2008,

Banks are requested to carry out in a strict manner the provisions of Article 11, Paragraph 7, Subparagraph (c) of the Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering. They have to make sure that no check is credited to the concerned account before being definitively collected from the issuing bank.

*Beirut, January 2, 2009*

*Chairman of the Special Investigation Commission*

*The Governor of the Banque du Liban*

*Riad Toufic Salamé*

## Special Investigation Commission Circular 10

### Addressed to Banks

With reference to SIC Decisions, notably those relating to traceable accounts, and in order to avoid any confusion and facilitate the SIC mission in tracking the movement of accounts suspected of concealing money laundering and terrorism financing, all banks must, regarding accounts classified as traceable by an SIC decision, comply with the following:

#### 1. Concerning checks

- To prohibit the payment in cash of a check or a payment order drawn on a traceable account, whether the beneficiary of the check or payment order is the holder of the said account or a third party.
- To prohibit the payment of a check or a payment order drawn on the traceable account to any party other than the first beneficiary, on condition that the check is crossed.
- To prohibit the issuance of a cashier's check drawn on the traceable account to the benefit of the account's holder or any third party, unless the check is crossed and includes the expression “payable only to the first beneficiary”.

#### 2. Concerning credit and debit cards

To limit to points of sale the use of credit and/or debit cards issued in relation with the traceable account, and to prohibit their use on ATMs.

#### 3. Concerning cashier's counters

To prohibit the holder of the traceable account from withdrawing directly any amount on the cashier's counter of the bank where the said account is held.

*Beirut, July 9, 2009*

*Chairman of the Special Investigation Commission*

*The Governor of the Banque du Liban*

*Riad Toufic Salamé*

## Special Investigation Commission Circular 11

### Addressed to Banks

As per section 4 of article 6 of Law 318 dated 20/4/2001 on fighting Money Laundering, All banks are required to provide, as per the detailed attached form, the Special Investigation Commission with the requested statements of accounts relating to ongoing investigations concerning clients.

The said form should be prepared using Microsoft Excel Workbook, and in instances where the client has more than one account, each account should be designated with a separate sheet.

The statements of accounts prepared as per the above mentioned form are to be sent to the Special Investigation Commission using its information exchange program (PGP) and in its absence via CD.

This Circular shall be published in the Official Gazette and shall be effective upon its publication.

Beirut, February 27, 2010

Chairman of the Special Investigation Commission  
The Governor of the Banque du Liban  
Riad Toufic Salamé

### Form

إ نموذج كشف الحساب الإلكتروني

رقم الصفحة	رقم العميل	اسم العميل	اسم الوالد	العائلة	رقم الحساب	تاريخ الفتح	تاريخ الغلق	نوع العملية	فرع الصفحة العملي	العملة	المبلغ (+/ -)	الرصيد (+/ -)	تفاصيل العملية **
Bank Number	Customer Name	Father's Name	Family Name	Account Number	Post Date	Value Date	Transaction Type	Involved Branch	Currency	Amount (+/-)	Balance (+/-)	Transaction Details	
					00 11 222 33 00	5-jan-09	6-jan-09	CHW	Hamra	USD	-100.000	-100.000	Check # 12542
							CDP						
							CHD						

مختصر نوع العملية	Transaction Type	نوع العملية
CHW	Check Withdrawal	سحب شيك
CHD	Check Deposit	إيداع شيك
CDP	Cash Deposit	إيداع نقدي
CWD	Cash Withdrawal	نقدي
OPO	Outgoing Payment order	تحويل صادر
IPO	Incoming payment Order	تحويل وارد
A/A	Account to Account	تحويل داخلي من حساب إلى حساب

#### ملاحظة:

حسب الإبقاء على سائر العمليات الأخرى التي يظهرها كشف الحساب (مبدأ قاعدة محفظة اعتماد...)  
هذه الخانة مخصصة لمعرفة الفرع الذي تمت من خلاله العملية \*  
هذه الخانة مخصصة لتعبئة جميع تفاصيل العمليات للتدوير \*\*

## Special Investigation Commission Circular 14

### Addressed to External Auditors Appointed at Category "A" Exchange Institutions

Pursuant to Law 347 of August 6, 2001 on Regulating the Money Exchange Profession in Lebanon, and to Law 318 of April 20, 2001 on Fighting Money Laundering, Pursuant to BDL Basic Decision No. 7933 of September 27, 2001 on Regulating the Money Exchange Profession, Pursuant to BDL Basic Decision No. 9708 of September 24, 2007 on Cash Transfers in accordance with Hawala System, and

Pursuant to the SIC Decision taken in its meeting of May 26, 2011,

External auditors appointed at exchange institutions of Category "A" are required to prepare an annual report and to submit it to the SIC Secretariat by the end of March following the audited fiscal year, provided the report indicates whether or not these institutions have complied with the following obligations:

1. Checking the customers' identity and addresses based on formal documents.
2. Keeping special records for operations which value exceeds USD 10,000 or its equivalent.
3. Retaining, for five years at least, copies of formal documents (customers' identity and address) and copies of documents concerning the operations whose value exceeds USD 10,000 or its equivalent.
4. Sending to the bank a special notification (on the nature and object of the operation, the source and destination of funds, the beneficiary and the economic right owner's identity) when the exchange institution performs in favor of its customers any banking operation through the bank (transfer, check issuance...) whose value exceeds USD 10,000 or its equivalent.
5. Informing Banque du Liban beforehand and in writing that it will undertake cash transfers in accordance with Hawala System; and retaining, for five years at least, the records of these operations and copies of the formal documents related to the concerned customers.
6. Reporting to the SIC the details of the operations suspected of concealing money laundering or terrorism financing, in case they take place.

Beirut, May 27, 2011

Chairman of the Special Investigation Commission  
The Governor of the Banque du Liban  
Riad Toufic Salamé

## Special Investigation Commission Circular 15

### Addressed to Banks and Financial Institutions

Pursuant to the provisions of Law No. 318 of April 20, 2001 on Fighting Money Laundering and Terrorism Financing, particularly Paragraph 4 of Article 6 and Paragraph 1 of Article 7, thereof,

Pursuant to the provisions of Paragraphs 1 and 6 of Article 12, of the Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering attached to Basic Decision No. 7818 of May 18, 2001,

Pursuant to the provisions of Article 181 of the Code of Obligations and Contracts concerning the conditions for refraining from entering into a contract and there sulting liability,

Without prejudice to depositors and customers' rights and interests in case the provisions of SIC Circular No. 8 are not implemented, and

Pursuant to the Decision taken by the SIC in its meeting of May 20, 2014,

We remind banks and financial institutions of the need to strictly implement the provisions of SIC Circular No. 8 of November 7, 2006, particularly in what follows:

- To ascertain that all their staff and employees comply with the obligation to refrain from disclosing to a customer any information about SIC actions related to the customer's accounts, whether in the form of enquiry, auditing or temporary freeze.
- To take constantly into consideration that SIC enquiries and audits do not prevent banks and financial institutions from normally dealing or continuing to deal with customers, as long as the SIC does not decide the contrary.

Any bank or financial institution that violates the provisions of this Circular shall incur the administrative penalties that the Higher Banking Commission may impose in accordance with Article 208 of the Code of Money and Credit. These penalties shall not preclude the enforcement of penal sanctions and civil liability against the violating entity.

*Beirut, May 26, 2014*

*Chairman of the Special Investigation Commission  
The Governor of the Banque du Liban  
Riad Toufic Salamé*

## Special Investigation Commission Circular 16

### Addressed to Banks

With reference to SIC Decisions, notably those relating to some traceable accounts,

In order to avoid any confusion,

And pursuant to the Decision taken by the SIC in its meeting of July 3, 2014,

Paragraph III of Circular No. 10 (addressed to banks) shall be modified and shall read as follows:

"To prohibit the holder of the traceable account from withdrawing any amount directly from the counter (guichet) of the bank where the said account is held or from depositing any amount in this account".

*Beirut, July 8, 2014*

*Chairman of the Special Investigation Commission  
The Governor of the Banque du Liban  
Riad Toufic Salamé*

## Special Investigation Commission Circular 18

### Addressed to Banks and Financial Institutions

With reference to:

- Paragraph 20 of Article 9 bis of Basic Decision No. 6116 of March 7, 1996, on Facilities that may be granted by Banque du Liban to Banks and Financial Institutions,
- Paragraph 5 of Article 4 of Basic Decision No. 7743 of January 2, 2001, on Subsidizing Loans granted to the Industry, Tourism, and Agriculture Sectors,
- Article 22 bis of Basic Decision No. 7835 of June 2, 2001, relating to the Statutory Reserve,

Pursuant to the SIC decision taken in its meeting of September 18, 2014,

All banks and financial institutions operating in Lebanon are requested, at their own responsibility, to inform the SIC of the loans granted to persons against whom decisions were issued to freeze their accounts or consider their accounts as being traceable.

To this effect, the SIC should be provided, by October 15, 2014, with three lists containing the names of these persons, in case they were granted a loan against which:

- The concerned banks benefit from facilities granted by Banque du Liban, pursuant to Basic Decision No. 6116 of March 7, 1996.
- The customer benefits from interest subsidy, pursuant to Basic Decision No. 7743 of January 2, 2001.
- The concerned banks benefit from reductions in the Statutory Reserve, pursuant to Basic Decision No. 7835 of June 2, 2001.

This Circular shall be published in the Official Gazette and shall enter into force upon its issuance.

*Beirut, September 18, 2014*  
*Chairman of the Special Investigation Commission*  
*The Governor of the Banque du Liban*  
*Riad Toufic Salamé*

### Special Investigation Commission Circular 19

**Addressed to the concerned Institutions and Parties mentioned in Article 5 of Law No. 44 of November 24, 2015, and to Financial Intermediation Institutions, and Collective Investment Schemes, on the Implementation of UN Security Council Resolutions 1267 (1999), 1988 (2011) and 1989 (2011) and successor resolutions**

Pursuant to Law No. 44 of November 24, 2015 (Fighting Money Laundering and Terrorism Financing), notably the provisions of Article 6, Paragraphs 2 and 5 thereof; and Pursuant to the Decision of the Special Investigation Commission, taken in its meeting of December 3, 2015,

#### FIRST:

The concerned institutions and parties mentioned in Article 5 of Law No. 44 of November 24, 2015, as well as financial intermediation institutions and collective investment schemes, are requested, as far as each is concerned:

1. To review constantly any update on the UN Security Council Website concerning the names designated in the lists issued pursuant to UN Security Council Resolutions 1267 (1999), 1988 (2011), 1989 (2011), and related successor resolutions and/or issued by the Special Sanctions Committees; and to automatically and immediately freeze, without delay and without any prior notice, the funds, accounts, operations, or other assets in whatever form (direct or indirect, joint...) related to these names, as soon as such names are listed; and to inform the Special Investigation Commission of this action and provide it with any information in this respect within a period not exceeding 48 hours.
2. To report to the Special Investigation Commission in case of similarity between the name of a customer and any designated name and details included in the lists issued pursuant to the UN Security Council Resolutions referred to in Paragraph 1 above and/or issued by the Special Sanctions Committees.

#### SECOND:

The provisions of this Circular shall be applicable to branches, sister institutions and subsidiaries abroad.

#### THIRD:

Any party violating the provisions of this Circular shall incur the sanctions stipulated in Article 13 of Law No. 44 of November 24, 2015, particularly for non-compliance with the immediate freezing obligation referred to in Paragraph 1, Subparagraph 1 above.

#### FOURTH:

This Circular shall be published in the Official Gazette and shall enter into force upon its publication.

*Beirut, December 22, 2015*  
*Chairman of the Special Investigation Commission*  
*The Governor of the Banque du Liban*  
*Riad Toufic Salamé*

### Special Investigation Commission Circular 20

**Addressed to Banks, Financial Institutions and all other Reporting Entities**

Pursuant to the provisions of Law No 44 of November 24, 2015 (Fighting Money Laundering and Terrorism Financing), notably Articles 4, 5, 6, 7, and 13 thereof;

Pursuant to the provisions of Article 12, Paragraph "First", Subparagraph 3 of BDL Basic Decision No. 7818 of May 18, 2001 and its amendments, attached to Basic Circular No 83 (Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering and Terrorism Financing); and

In order to clarify and implement the provisions of Article 1, Paragraph "Second" of BDL Basic Decision No. 12253 of May 3, 2016, attached to Basic Circular No. 137 (Dealing with the US Act of December 18, 2015 and with its implementation regulations to prevent Hizballah from gaining access to international financial and other institutions);

Whereas, with a view to prevent any arbitrary procedure or measure that may cause harm to depositors and clients' interests, particularly whenever closing the account of any depositor or client, or whenever refraining from opening an account in their names or from dealing with them, in an unjustified manner or under the pretext of de-risking; Within the efforts made by Banque du Liban to foster financial inclusion;

In order to safeguard the utmost national interest; and Pursuant to the Decision taken by the Special Investigation Commission (SIC) in its meeting of May 26, 2016,

The following is decided:

### Article 1

#### FIRST:

Banks, financial institutions, financial intermediation institutions, and all other reporting entities are requested not to take any measure, in terms of closing any account held by any client, or refraining from dealing with or from opening any account to any such client, before the elapse of 30 days from filing a report with the SIC. This report must justify the reasons for taking these procedures and measures (KYC; the account movement or frequency or size;...)

#### SECOND:

If no reply is received from the SIC within the above-mentioned time limit, the concerned banks and institutions shall be entitled to take the relevant measures in this regard.

#### THIRD:

These procedures shall not apply in case of accounts held by persons or institutions designated in any of the lists issued with respect to the implementation of the above-mentioned US Act of December 18, 2015.

### Article 2

Any party violating the provisions of this Circular shall be prosecuted before the Higher Banking Commission.

### Article 3

This Circular shall be published in the Official Gazette and shall enter into force on May 3, 2016.

*Beirut, May 26, 2016*

*Chairman of the Special Investigation Commission  
The Governor of the Banque du Liban  
Riad Toufic Salamé*

## Special Investigation Commission Circular 21

### Addressed to the Parties mentioned in Article 5 of Law No.44 of November 24, 2015, particularly Insurance Companies

Pursuant to Law No.44 of November 24, 2015 (Fighting Money Laundering and Terrorism Financing), notably Articles 5, 6, and 7 thereof;

Whereas the institutions not governed by the Banking Secrecy Law of September 3, 1956, and mentioned in Article 5 of Law No.44, including insurance companies, must comply with the obligations of Article 4 of Law No.44, and with the regulations and recommendations issued by the SIC for the purpose of implementing the provisions thereof;

Pursuant to the Decision taken by the SIC in its meeting of September 8, 2016,

The following is required:

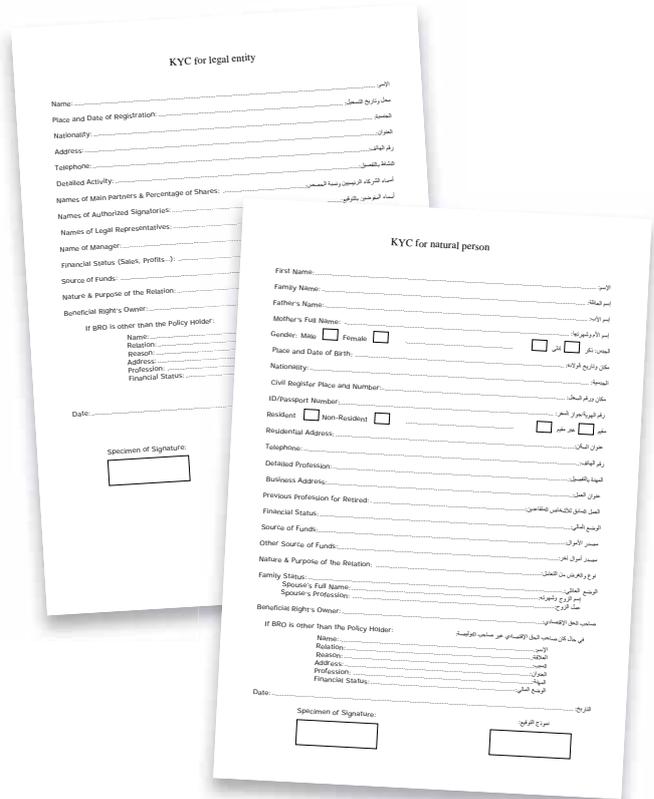
1. To implement Customer Due Diligence measures on permanent customers (whether natural persons or legal persons or special legal arrangements) by checking their identity based on reliable documents or information or data; by determining the identity of the beneficial right's owner and taking the steps needed to check this identity based on reliable documents or information or data; and by obtaining at least the information specified in the attached KYC Form, concerning life insurance policies, particularly those related to Unit-Linked Investments and Capitalization.
2. To ensure that accredited insurance agents and brokers comply with the due diligence measures mentioned in Paragraph 1 above.
3. To set up an efficient AML/CFT internal control system that should, at least, comprise of the following:
  - a) Appointment of an AML/CFT Compliance Officer who must attend relevant training sessions on a continuous basis.
  - b) Adoption of software programs to monitor operations that necessitate any such measure.
  - c) Preparation by the AML/CFT Compliance Officer of periodic reports to be submitted to the Management, on operations control by adopting a risk-based approach and on the degree of compliance with the required procedures, provided that such reports indicate the degree of compliance of concerned insurance agents and brokers with the same procedures applicable to insurance companies, particularly in terms of providing these companies with the documents they obtain from the concerned customers.
  - d) Organization of training sessions to keep the concerned employees, insurance agents and brokers, abreast of required procedures.
  - e) Establishment and continuous update of a computerized central archive for information collected about money laundering and terrorism financing operations that includes, at least, the names circulated by the Special Investigation Commission (SIC), and those reported to the SIC by the concerned company.
  - f) Establishment of an AML/CFT procedures guide that includes, concerning life insurance policies with investment features, the indicators which are enumerated below for indicative purposes but not restrictively, and which point out, in case unjustified, as an evidence of operations involving money laundering and terrorist financing operations:
    - The life insurance policy beneficiary.
    - Replacing the current beneficiary by another

beneficiary having no apparent link with the policyholder.

- Purchasing multiple life insurance policies, without justifications.
  - The policy is inconsistent with the policyholder's needs or it differs from prior policies issued upon the latter's request.
  - Purchasing a life insurance policy through a single large premium.
  - Purchasing a life insurance policy by a non-resident, non-Lebanese individual.
  - Settling life insurance premiums through large and/or repeated cash payments, or through payments inconsistent with the policyholder's financial status.
  - Payments from unclear sources.
  - Funding the life insurance policy through one large booster payment.
  - Overfunding the life insurance policy with additional and repeated unusual payments.
  - Paying life insurance premiums with funds from abroad.
  - Requesting withdrawals on the life insurance cash value, in order to obtain cheques from the insurance company just a short period after the policy issuance.
  - Requesting transfers from the life insurance cash value towards accounts held abroad.
  - Cancelling the life insurance policy, regardless of penalties, in order to obtain cheques from the insurance company.
4. To report to the SIC, according to the mechanism mentioned in SIC Circular No. 17 of September 16, 2014, the details of suspicious transactions that may involve money laundering or terrorist financing, provided these reports cover suspicious transactions carried out by the concerned agents and insurance brokers.
  5. To request from their staff, subject to liability, to refrain from notifying the customers that the SIC investigates or inquires about their operations, unless the SIC decides otherwise.
  6. To take the necessary actions and measures in order to prevent the misuse of technological developments for money laundering or terrorist financing purposes, as well as when dealing with high-risk clients, and when correspondent banking relationships are initiated; and to comply accordingly with the relevant Circulars and Announcements issued by BDL and the SIC.
  7. All the persons mentioned in Article 5 of Law No. 44 of November 24, 2015, shall be governed by the provisions of this Circular, where applicable.

This Circular shall be published in the Official Gazette and shall enter into force upon its issuance.

*Beirut, September 9, 2016*  
*Chairman of the Special Investigation Commission*  
*The Governor of the Banque du Liban*  
*Riad Toufic Salamé*



**Special Investigation Commission  
 Circular 22**

**Addressed to Banks, Financial Institutions  
 and concerned parties mentioned in Article 5  
 of Law No. 44 of November 24, 2015**

Pursuant to Law No. 44 of November 24, 2015 (Fighting Money Laundering and Terrorism Financing), Pursuant to the SIC decision taken in its meeting of October 19, 2017,

**FIRST:**

A special field to identify "Tax Residency" shall be added to Statement No. 1 (KYC for natural person) and Statement No. 2 (KYC for legal entity) attached to SIC Circular 13 of May 27, 2011.

**SECOND:**

A special field to identify "Tax Residency" shall be added to the KYC Form attached to SIC Circular 21 of September 9, 2016.

This Circular shall be published in the Official Gazette and shall enter into force upon its issuance.

Beirut, November 6, 2017  
 Chairman of the Special Investigation Commission  
 The Governor of the Banque du Liban  
 Riad Toufic Salamé

## Special Investigation Commission Circular 23

### Addressed to Banks, Financial Institutions and other Institutions Bound to Report on Money Laundering and Terrorism Financing Operations

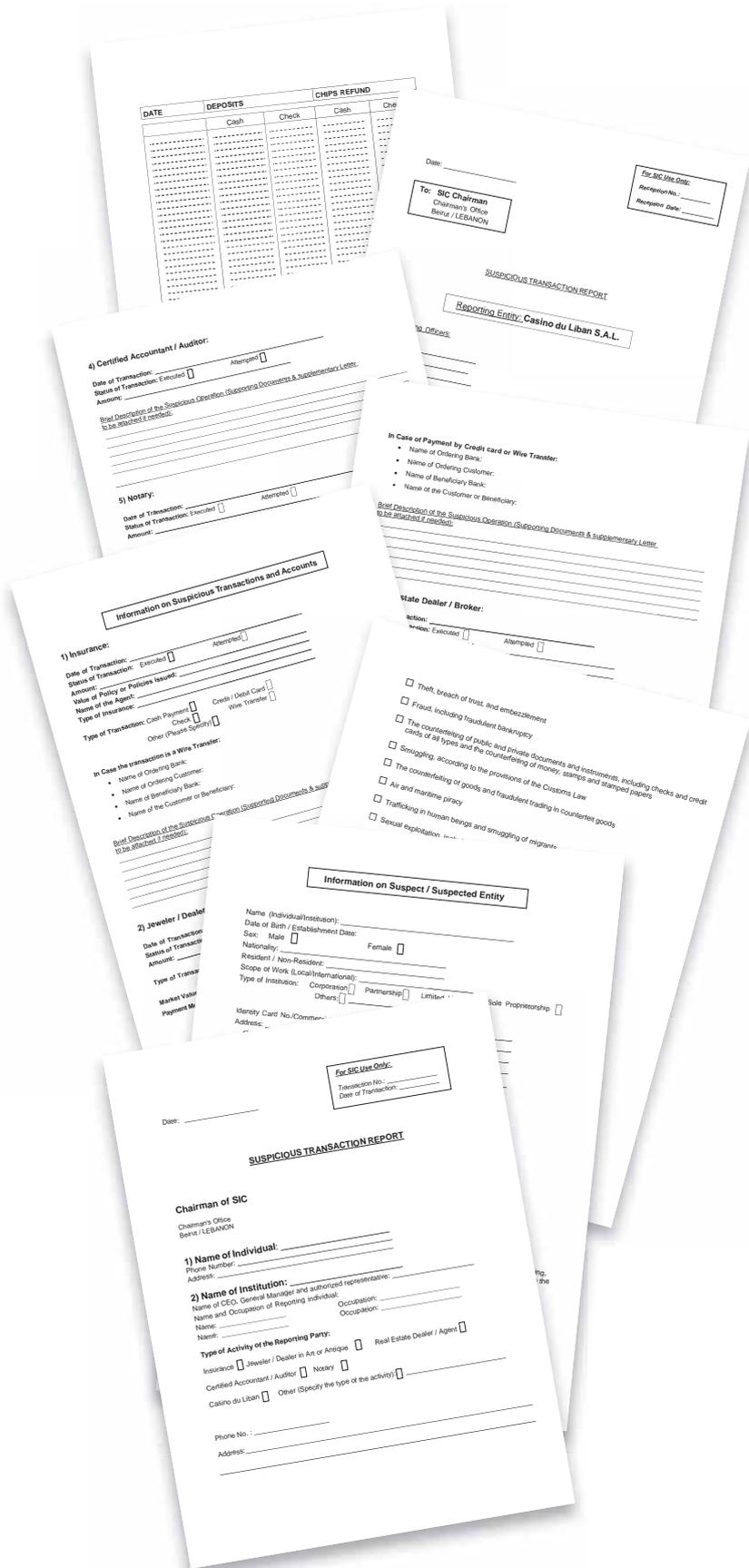
Pursuant to Article 7 of Law No. 44 of November 24, 2015 on Fighting Money Laundering and Terrorism Financing, Pursuant to Article 5 of the Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering and Terrorism Financing, attached to Basic Circular Decision No. 83 of May 18, 2001, Pursuant to the SIC decision taken in its meeting of October 19, 2017,

1. Banks, financial institutions and other institutions concerned with Article 4 of Law No. 44 of November 24, 2015 are requested, when reporting to the SIC any operations suspected or ascertained to be involving money laundering or terrorism financing, as stipulated in Law No. 44 of November 24, 2015, to fill in Form No. 1 (E-STR) attached to this Circular and to send it to the SIC, together with all relevant documents.
2. All other institutions and parties concerned with Article 5 of Law No. 44 of November 24, 2015 are requested, when reporting to the SIC any operations suspected or ascertained to be involving money laundering or terrorism financing, as stipulated in Law No. 44 of November 24, 2015, to enclose, with a letter addressed to the SIC Chairman, a report on the concerned operation, to be prepared according to Form No. 2 attached to this Circular, together with all relevant documents.
3. Circular No. 3 of October 16, 2001 and Circular No. 6 of November 12, 2004 and SIC Circular No. 17 of September 16, 2014 shall be repealed.

This Circular shall be published in the Official Gazette and shall enter into force upon its issuance.

Beirut, November 6, 2017  
 Chairman of the Special Investigation Commission  
 The Governor of the Banque du Liban  
 Riad Toufic Salamé

Form No. 1



Form No. 2



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**Banque du Liban ■ Special Investigation Commission**  
Masraf Loubnan Street ■ P.O. Box: 11-5544 Beirut, Lebanon  
Tel: +961 1 756 701/8 ■ Fax: +961 1 743 999  
E-mail: [bdlg0@bdl.gov.lb](mailto:bdlg0@bdl.gov.lb)  
E-mail: [secretary@sic.gov.lb](mailto:secretary@sic.gov.lb) ■ Website: [www.sic.gov.lb](http://www.sic.gov.lb)



