

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