

## **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*