

Basic Circular No 137

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

Attached is a copy of Basic Decision No 12253 of May 3, 2016, on dealing with the US Act of December 18, 2015 and with its implementing regulations regarding the prevention of access by Hizballah to international financial and other institutions.

Beirut, May 3, 2016

The Governor of Banque du Liban

Riad Toufic Salamé

BANQUE DU LIBAN

Basic Decision No 12253

Dealing with the U.S. Act of December 18, 2015
and with its Implementing Regulations

The Governor of Banque du Liban,

Pursuant to the Code of Money and Credit, in particular Articles 70, 174, and 182 thereof;

Pursuant to the provisions of Law No 44 of November 24, 2015 (Fighting Money Laundering and Terrorist Financing), in particular Articles 4, 6, and 7 thereof;

Pursuant to Basic Decision No 7818 of May 18, 2001 and its amendments (Regulations on the Control of Financial and Banking Operations for Fighting Money Laundering and Terrorist Financing), attached to Basic Circular No 83;

Pursuant to Basic Decision No 10965 of April 5, 2012 (Relationship between Banks and Financial Institutions and their Correspondents), attached to Basic Circular No 126; and

Whereas the U.S. Act of December 18, 2015 and its implementing regulations provide for taking measures to prevent Hizballah from dealing with or through international financial and other institutions;

Whereas, with a view to prevent any arbitrary procedure that could extend beyond the scope of the above-mentioned US Act and its implementing regulations, and which could cause harm to depositors and clients' interests, in particular cases of closure of, or the refraining from, opening accounts, or dealing with such depositors and clients, in an unjustified manner or to avoid risks (de-risking); and

Whereas, in order to safeguard the national interest; and

Pursuant to the Decision of the Central Council, taken in its meeting held on April 21, 2016,

Decides the following:

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 Banque du Liban

Riad Toufic Salamé