

Announcement No. 18

On the Amendment of Decision no. 13 of 10/2/2014 (on Asset Securitization)

Pursuant to Law 161 of August 17, 2011 on Capital Markets,

And pursuant to the Decision of the Capital Markets Authority's Board ref 9/4/16, taken in its meeting of March 21, 2016,

Please be informed of the following:

First: the Decision no. 13 of 10/2/2014 (on Asset Securitization) has been amended whereby article two of the said decision was cancelled and replaced with the following text:

“Article Two: The CMA Board shall base its approval of the establishment of an asset securitization fund including financial and non-financial property, movable or immovable, on the fulfillment by the originator of the terms and conditions of the following decisions if it belongs to any of the categories listed within these two decisions:

- CMA Decision 4 of 14/8/2013 on Compliance,
- CMA Decision 5 of 14/8/2013 on Internal Audit.

If the originator did not belong to one of the categories covered by the above-mentioned decisions, and did not have a compliance and / or an internal audit unit, the manager of the fund to be created should make sure, on its own responsibility, that the originator abides by the laws and regulations in force, which is normally executed by these two units.”

Second: the Decision no. 4 of 14/8/2013 (on Compliance) has been amended as follows:

1. Article one of the said decision was cancelled and replaced with the following text:

Article 1: The provisions of the present decision shall apply to the following companies:

Category 1: Joint-stock companies operating in Lebanon having outstanding shares in organized Capital Markets

Category 2: Joint-stock companies operating in Lebanon having negotiable shares in organized Capital Markets or Over the Counter Capital Markets (OTC), with a number of shareholders exceeding twenty, and total revenues ranging between LBP 30,000,000,000 and 100,000,000,000 (thirty and one hundred billion Lebanese pounds).



Category 3: Joint-stock companies operating in Lebanon having negotiable shares in organized Capital Markets or Over the Counter Capital Markets (OTC) with a number of shareholders exceeding twenty, and total revenues exceeding 100,000,000,000 (one hundred billion Lebanese pounds).

2. Article five of the said decision was cancelled and replaced with the following text:

Article 5: Companies falling under abovementioned categories (2) and (3) can designate a specialized external institution to perform the compliance duties totally or partially (outsourcing) provided that:

- The company ensures that the outsourcing institution is qualified enough to perform the outsourcing work;
- The outsourcing agreement shall explicitly state the scope and nature of the outsourcing and confirm the company's full responsibility in relation to the proper implementation of the provisions of the present decision.
- The Company shall inform the Capital Markets Authority of the name of the outsourcing institution that will perform the compliance duties; if the Capital Markets Authority objects to the outsourcing institution, the company concerned should immediately comply with the CMA objection.

3. Article twelve of the said decision was cancelled and replaced with the following text:

Article 12: In compliance with the provisions of the Lebanese Code of Land Trade, especially the provisions related to auditors, companies which fall under the abovementioned categories (1) or (2) should appoint at least one external auditor, as for companies which fall under category (3), they should appoint at least two external auditors.

All companies referred to in article 1 hereinabove should inform the Capital Markets Authority of the names of their external auditors; if the Capital Markets Authority objects to any of them, the companies concerned should immediately comply with the objection.

Third: the Decision no. 5 of 14/8/2013 (on Internal Audit) has been amended as follows:

1. Article one of the said decision was cancelled and replaced with the following text:

Article 1: The provisions of the present decision shall apply to the following companies:

Category 1: Joint-stock companies operating in Lebanon having outstanding shares in organized Capital Markets.

Category 2: Joint-stock companies operating in Lebanon having negotiable shares in organized Capital Markets or Over the Counter Capital Markets (OTC) with a number of shareholders exceeding twenty, and total revenues ranging between LBP 30,000,000,000 and 100,000,000,000 (thirty and one hundred billion Lebanese pounds).

Category 3: Joint-stock companies operating in Lebanon having negotiable shares in organized Capital Markets or Over the Counter Capital Markets (OTC) with a number of shareholders exceeding twenty, and total revenues exceeding 100,000,000,000 (one hundred billion Lebanese pounds).



2. Article five of the said decision was cancelled and replaced with the following text:

Article 5: Companies falling under the abovementioned categories (2) and (3) can designate a specialized external institution to perform the internal audit duties totally or partially (outsourcing) provided that:

- The company ensures that the outsourcing institution is qualified enough to perform the outsourcing work.
- The outsourcing agreement shall explicitly state and nature of the outsourcing and confirm the company's full responsibility in relation to the proper implementation of the provisions of the present decision.
- The Company shall inform the Capital Markets Authority of the name of the outsourcing institution that will perform the internal duties; if the Capital Markets Authority objects to the outsourcing institution, the company concerned should immediately comply with the CMA objection.

3. Article twelve of the said decision was cancelled and replaced with the following text:

Article 12: In compliance with the provisions of the Lebanese Code of Land Trade, especially the provisions related to auditors, companies which fall under the abovementioned categories (1) or (2) should appoint at least one external auditor, as for companies which fall under category (3), they should appoint at least two external auditors.

All companies referred to in article 1 hereinabove should inform the Capital Markets Authority of the names of its external auditors; if the Capital Markets Authority objects to any of them, the companies concerned should immediately comply with the objection.

All companies referred to in article 1 hereinabove should request from its external auditors to submit up an annual report to the Capital Markets Authority on the extent of compliance of the company with the provisions of the present decision.

Fourth: Attached are Decisions no. 13 of 10/2/2014 (on Asset Securitization), 4 of 14/8/2013 (on Compliance) and 5 of 14/8/2013 (on Internal Audit) amended as per the above.

Beirut, on March 21, 2016.

CMA Chairman/ Governor of the BDL
Riad Toufic Salame (signature)