

Announcement No. 4

On the amendment of Decision no. 10 of January 9, 2014 (on Financial Intermediation Institutions)

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

And pursuant to Decision no. 9/2/14 of the Capital Markets Authority's Board, taken in its meeting of March 31, 2014,

Please be informed of the following:

First: the title of Decision no. 10 of January 9, 2014 was replaced by "Financial Intermediation Operations".

Second: Article 9 of the said Decision was deleted and replaced by the following:

"All financial intermediation institutions operating in Lebanon in accordance with Articles 1 and 2 of this Decision
. shall:

- 1- Concerning the financial intermediation operations, provide their customers, personally and periodically, with statements of accounts and with all other duly signed relevant statements.
- 2- Notwithstanding Paragraph 1 above, and concerning introducing brokerage, ask explicitly their correspondents or the institutions performing the required financial operations to provide their concerned customers directly (and not through the institution itself) with the documents specified in Paragraph 1 above.
- 3- Publish, regarding their operations and accounts, periodical statements and balance sheets that reflect their real situation.
- 4- Include in the contracts and documents pertaining to operations performed with their clients a warning statement expressing that financial investments, particularly those with a speculative nature, expose them to high risks, and submit an acknowledgement of warning.
- 5- Limit the power of issuing account statements to clients to an autonomous unit that is independent from the Front Office and introducing brokers.
- 6- Confirm, pursuant to customers' orders, all transactions performed for customers with correspondents, including those related to financial instruments and derivatives listed or unlisted in the regulated financial markets, with the exception of market makers' transactions and liquidity providers' transactions at the best price.



- 7- Record phone calls with customers, when the latter give an order or make a request by phone to perform any transaction on their behalf.
- 8- Examine all investor profiles and evaluate their suitability while taking into account that investor profiles are supposed to be reviewed and updated periodically and/or whenever a radical change occurs to the investor's standing. They shall not offer investors any product that is incompatible with their profile, and shall commit to the following criteria among others:
 - Age of investor
 - The investor's pension plan
 - Previous investments
 - Investment culture
 - Risk profile
 - Financial solvency
 - Investment goals

Third: Kindly find enclosed Decision no. 10 of January 9, 2014 (on financial intermediation operations) as amended according to the above.

Beirut, on April 28, 2014.

CMA Chairman/ Governor of the Central Bank of Lebanon
Riad Toufic Salame (signature)