

Announcement No. 3

On the amendment of Decision no. 14 of February 10, 2014 (on Collective Investment Schemes)

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

And pursuant to the 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: Decision no. 14 of February 10, 2014 (on collective investment schemes) has been amended as follows:

1. The sentence “upon consideration of the investor profile suitability” was added at the end of Article One of said Decision.
2. Item 2 of Article Three of the said Decision was deleted and replaced by:
 - 2- The fund bylaws shall include the following:
 - a- Special provisions on how to form, and change membership in, a shareholders' committee dedicated to preserving the various interests of shareholders, provided that this committee is vested with the appropriate decision-making power, particularly allowing it to terminate the fund manager's appointment, in accordance with an internal regulation that determines all procedures to be followed.
 - b- A mechanism that determines how the fund manager can make radical amendments to the content of the fund bylaws or prospectus, provided that such procedure is conditioned by a minimum requirement to call upon shareholders, through an invitation published in two local newspapers, to vote on the amendment. The first voting session requires a quorum and a majority of no less than 51% of each of the total number of fund shareholders and the number of those present. In the event of lack of quorum in the first voting session, the shareholders are invited to a second voting session which quorum and majority shall be predetermined in the fund bylaws. Whenever the fund involves several categories of shares, the amendment approval mechanism explained above shall be restricted to the holders of amendment-affected shares.



The following amendments, among others, shall be considered as “radical”:

- Any change in the investment goals, standards, or ceilings of the fund set forth in the relevant documents,
 - Any change in the financial leverage policies and their ratios to the net asset value of the fund,
 - Any borrowing from the fund (if any),
 - Any change in the restrictions imposed on investments (mentioned in the prospectus),
 - Any discretionary change, decided by the fund manager, of the fees and charges channeled to the fund, or any change in the method of calculation thereof, affecting the net asset value of the fund,
 - Any amendment to the rights and obligations pertaining to the fund shares.
- c- The contracts and instruments of subscription to the fund shares shall explicitly state the subscriber’s authorization of the company to manage the fund, with due consideration of the provisions of item (b) above.
- d- Issuing the fund shares in a nominal value, and the possibility of listing them in an organized financial market.
- e- Preparing the prospectus at the issuer’s full responsibility. The prospectus clearly and explicitly states that CMA is not involved in any way in its content, and includes a brief description of the fund (its establishment, purpose, strategy, management, assets location, fees, commissions, and expenses, including any commission on sales and recovery due to the authority, the method for issuing the shares and special provisions regulating their circulation and pricing, special provisions on borrowing from the fund, the fund’s fiscal year, potential risks, distribution of dividends and interests, taxes, if any, liquidation, and all other details that may be published and that optimize the transparency of the fund...). However, this prospectus shall not be distributed to, or put at the disposal of, the concerned persons prior to being submitted to the CMA who shall approve the license to establish the fund.

The persons concerned with the management of the fund shall update the content of the prospectus periodically in light of relevant developments. They shall abstain from disclosing any information that contradicts the content of the prospectus or adds thereto.

- f- Organizing the accounting, financial data, and requested evaluations according to the templates and timeframes determined in the present Decision.
- g- Submitting to the fund shareholders the annual and quarterly reports approved by the auditors and describing the financial situation of the fund, namely the virtual operations, and a breakdown of profits, losses, administrative expenses, and paid or collected interests.
- h- Commitment to all general and special instructions issued by the CMA on the subject of the fund management and operations.



3- Paragraph (f) of Article 5 of the mentioned Decision was deleted and replaced by the following:

f- Commitment to the obligations set forth in paragraph (d) of item (1), and each of paragraphs (b) on the obligation to include in the company's statute a specific mechanism for making the radical changes mentioned in this paragraph, (d), (e), (f), and (g) of item (2), in addition to items (3) and (4) of Article 3 of the present Decision.

Second: Kindly find enclosed Decision no. 14 of February 10, 2014 (on collective investment schemes) as amended according to section "First" above.

Beirut, on April 28, 2014.

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