

## **Announcement No 8**

### **Related to the Amendment of Decision No.16 Issued on February 13, 2014 (on Financial Instruments and Products)**

Pursuant to the Law No 161 dated 17/8/2011 on the capital markets,

Pursuant to the decision of the Capital Markets Authority's Board taken in its meeting held on October 27, 2014,

We inform you of the following:

First: The Decision No.16 issued on February 13, 2014 (on financial instruments and products) was amended as follows:

- 1- The text of Article 2 of the above mentioned decision was abrogated and replaced with the following text:

First: The institutions mentioned in Article 1 above should apply for a license to be obtained from the Capital Markets Authority before issuing or promoting:

- 1- Any instruments and financial products (shares offered to the public, programs, securities, financial instruments, contracts, derivatives, certificates or structured financial products ...), including the instruments whose revenues or repayment of capital are related to:
  - Shares, bonds or deposit certificates including the financial flows resulting therefrom or at the level of the prices of the said shares, bonds or certificates.
  - Debts, corporate bonds, certificates or government bonds or debt instruments including the financial flows resulting therefrom or at the level of the prices of the said bonds or certificates.
  - Currency and precious metals exchange rate.
  - Interest rates.



- Commodities prices.
- Indices or financial derivatives.
- The achievement of conditions or events of any kinds (credit events, companies' profits, economic indices, levels of prices ...)
- Issuer's rights of any kind.

2- Any kind or form of instruments or products resulting from securitization operations.

Second: The Capital Markets Authority takes a decision regarding the licensing application within no more than two weeks of the date of its submission, unless otherwise notified to the applicant.

If no decision is issued by the Capital Markets Authority regarding the licensing applications within two weeks, and if no communication was established with the applicant for that matter, it should be considered as an implicit approval of the requested licensing.

Third: The above mentioned provisions do not affect the Central's Bank of Lebanon powers under Law No 308 dated 2/4/2001 regarding the issuance of bank's shares and debentures by the banks.

2- The text of Article 3 of the above mentioned decision was abrogated and replaced with the following text:

“The concerned institutions must prove full transparency in their relations with clients in respect of the operations mentioned in Article 1 above through the following:

1- Defining clearly and explicitly:

- The financial instruments and products mentioned in Article 1 above and all their revenues related to (indices, derivatives, shares, notes, debts, etc...)
- The revenues and the method of calculation
- All the risks to which the client might be exposed



- Any further information which can provide maximum accuracy and clarity in dealing, and that might be required by the Capital Markets Authority
- 2- Preparing a prospectus or agreement with the client, any of which containing, at least, the information mentioned in clause (1) above, provided that the said prospectus or agreement is not distributed or put at the disposal of the concerned parties before informing the Capital Markets Authority thereof and obtaining its approval of the license to issue or promote financial instruments and products pursuant to the provisions of clause (2) of Article 2 above”.

Second: Attached is Decision No 16 issued on 13/2/2014 (on financial instruments and products) after it was modified according to the above.

Beirut, November 27, 2014

Chairman of CMA/Governor of the Central Bank

Riad Toufic Salame

(Signature)



## **Decision No.16**

### **On Financial Instruments and Products**

The Chairman of the Capital Markets Authority/Governor of the Central Bank of Lebanon,

Pursuant to the law No.161 dated 17/8/2011 on the capital markets which entrusted the Capital Markets Authority with all the powers related to the financial instruments and products and the operations related hereto,

Pursuant to the Law No. 308 dated 3/4/2001 on the issuance and trading of bank's shares, the issuance of bonds and the ownership of real estate by banks,

Pursuant to the decision of the Capital Markets Authority's Board taken in its meeting held on December 20, 2013,

And pursuant to the decision of the Capital Markets Authority's Board taken in its meeting held on October 27, 2014.

#### **Decides the following**

**Article 1:** The provisions of this decision shall apply to financial intermediation institutions, financial institutions, investment authorities, banks exercising operations related to financial instruments in Lebanon, and also to insurance companies where the insurance contracts they offer to the public include financial instruments.

**Article 2:** First: The institutions mentioned in Article 1 above should apply for a license to be obtained from the Capital Markets Authority before issuing or promoting:

- 1- Any instruments or financial products (shares offered to the public, programs, securities, financial instruments, contracts, derivatives, certificates or structured financial products...), including those whose revenues or payment of their capital are related to:



- Shares, bonds or deposit certificates including the financial flows resulting therefrom or at the level of the prices of the said shares, bonds or certificates.
  - Debts, corporate bond, certificates or government bonds or debt instruments including the financial flows resulting therefrom or at the level of the prices of the said bonds or certificates.
  - Currency and precious metals exchange rate.
  - Interest rates
  - Commodities prices
  - Indices or financial derivatives
  - The achievement of conditions or events of any kinds (credit events, companies' profits, economic indices, levels of prices ...)
  - Issuer's rights of any kind
- 2- Any kind or form of instruments or products resulting from securitization operations.

Second: If no decision is taken by the Capital Markets Authority regarding the licensing applications upon the expiry of the designated timeframe, and if no communication was established with the applicant for that matter, it is considered as an implicit approval of the requested licensing.

Third: The above mentioned provisions do not affect the Central's Bank of Lebanon powers under Law No 308 dated 2/4/2001 regarding the issuance of bank's shares and debentures by the banks.

**Article 3:** The concerned institutions must prove full transparency in their relations with clients in respect of the operations mentioned in Article 1 above through the following:

- 1- Defining clearly and explicitly:
  - The financial instruments and products mentioned in Article 1 above and all their revenues related to (indices, derivatives, shares, notes, debts, etc...)



- The revenues and the method of calculation
- All the risks to which the client might be exposed
- Any further information which can provide maximum accuracy and clarity in dealing, and that might be required by the Capital Markets Authority

2- Preparing a prospectus or agreement with the client, any of which containing, at least, the information mentioned in clause (1) above, provided that the said prospectus or agreement is not distributed or put at the disposal of the concerned parties before informing the Capital Markets Authority thereof and obtaining its approval on the license to issue or promote financial instruments and products pursuant to the provisions of clause (2) of Article 2 above.

**Article 4:** The institutions concerned by this decision shall provide the Capital Markets Authority with a monthly report (three copies) regarding the status and the volume of the operations on the above mentioned financial instruments and products, in accordance with template No.1 attached to this decision.

**Article 5:** This decision is published in the Official Gazette and enters into force as of 2/1/2015.

Beirut, November 27, 2014

Chairman of CMA/Governor of the Central Bank

Riad Toufic Salame

(Signature)



(Template No.1)

**Monthly Statement on the Evolution of the Status of a Financial Instrument/  
Program and volume of subscription**

As on:

Institution name:

Registration Number in the Central Bank of Lebanon / Capital Markets Authority:

Currency	Instrument Name/ Certificate Program	Financial instrument or indices or program or debts related thereto	Subscription			Volume of reimbursements		Volume of amounts guaranteed by the institution
			Subscription volume in initial marketing	Subscription balance at the end of the month	Current number of subscribers	At the request of the client	At the request of the institution	

Note: This template should be sent on a CD.