

CAPITAL MARKETS AUTHORITY

Decision No. 24

On the Qualifications Required to Perform Registrable Functions Relating to Securities

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; particularly article 11,

Pursuant to the decision of the Capital Markets Authority's Board ref 11/13/16 taken in its meeting held on September 26, 2016,

Decides the following:

Article 1: Definitions

The terms hereunder shall have the meanings ascribed to them below:

“Approved institution” – an institution that is approved for license to carry on securities business in Lebanon

“Registered person” – an individual approved for registration by the Authority under this decision

“A fit and proper person” – an individual that has the required educational, technical and ethical skills to perform “registrable functions”

“Registrable functions” – Functions that, according to the CMA, can be performed only by those who have the required qualifications in the “approved institution”

Article 2: Scope of Application

The provisions of this law shall apply to all the individuals who perform the following functions or tasks in the approved institution.

Article 3: Registrable Functions

1. CEO, Managing Director– the person who has ultimate responsibility for the management of an approved institution’s business.
2. Senior Executive Officer – a person who has ultimate responsibility for one or more parts of an approved institution’s business.
3. Director – a person who is a director on the governing body of an approved institution.
4. Finance Officer – the person who has ultimate responsibility for an approved institution’s financial administration and controls and for compliance with prudential and capital requirements.
5. Head of Compliance – the person who is responsible for compliance matters related to an approved institution’s business.
6. Anti-Money Laundering Reporting Officer – the person who is responsible for the implementation of an approved institution’s anti-money laundering policies and procedures.
7. Risk Management Officer – the person who is responsible for the design and implementation of an approved institution’s risk management policies and procedures.
8. Senior Manager – any person who is responsible in whole or in part for the management, supervision or control of one or more parts of an approved institution’s business or administration.
9. Client Representative – any person whose functions include dealing with clients of an approved institution’s securities business, including sales representatives, investment advisors, portfolio managers and corporate finance professionals, as prescribed by the Authority.
10. Trader – any person who deals in securities as agent for clients or for an approved institution as principal.

Article 4: Conditions of performance of registrable functions

1. Only a registered person may perform the functions and tasks mentioned above and details in annex 2 attached, unless the Authority provides prior written consent to a non-registered individual to perform this function or task.

2. Except as required by sub article (3) below, a registered person may perform more than one registrable function for an approved institution if the Authority considers that person to be fit and proper to perform each function and that no conflicts of interest will arise in performing different functions.
3. An approved institution may have one registered person performing more than one registrable function, except that a separate, designated registered person resident in Lebanon must be in place to lead each of the following functions:
 - i. CEO or Managing Director
 - ii. Finance Officer
 - iii. Compliance Officer (which may include the legal officer and anti-money laundering officer functions).
4. A Head of Compliance, Legal Officer and Anti-Money Laundering Reporting Officer must not perform any client service functions.
5. If a vacancy occurs in any function listed in sub article (3) above, the approved institution must notify the Authority immediately and appoint an appropriate person to temporarily assume responsibility for the function until a registered person is appointed to assume the function on a permanent basis.

Article 5: Applications for registration: Procedure and conditions

1. The applicant's approved institution must submit the application for registration at its own responsibility. The application for registration must specify each type of registrable function that the applicant is seeking approval for.
2. An application for registration must be submitted in accordance with Annex 1 attached, and must include the information and documents required. An applicant's approved institution must be satisfied that the applicant is a fit and proper person who is competent to perform the functions covered by the application, and must take reasonable steps to verify the information in the application.
3. An applicant must have passed the qualification examinations prescribed by the Authority in Annex 2 for the applicable function, or obtained an exemption from the Authority.
4. In assessing whether an applicant is a fit and proper person to perform a registrable function, the Authority will consider the applicant's skills, experience, competencies and integrity, including whether the person has ever been convicted of an offence involving fraud or dishonesty, or has ever violated any laws, regulations or requirements governing financial business or aimed at protecting clients or investors, and any other matter that the Authority considers relevant.

5. If an applicant was formerly registered and his registration has been cancelled or suspended for a period of three years or more, the applicant must again pass any qualification examinations prescribed by the Authority.
6. An applicant who has passed an examination listed in circular 103 of 9/3/2006 issued by BDL or what the Authority designates as equivalent to a prescribed qualification examination, will be considered to have satisfied the requirement in sub article (4) above.

Article 6: Powers of the Authority

1. In assessing an application for registration, the Authority may carry out any review, enquiry or investigation that it considers appropriate, require the applicant or the approved institution to provide any additional information or documents that the Authority considers appropriate, and require the applicant or the approved institution to verify, certify or substantiate any information provided to the Authority.
2. The Authority may refuse to consider an application if:
 - i. It is incomplete,
 - ii. It does not meet the requirements prescribed by the Authority, or
 - iii. The applicant has failed to provide information requested by the Authority or has failed to provide information within a specified time.
3. After completing its consideration of an application, the Authority will make one of the following decisions:
 - i. approve the application in whole or in part,
 - ii. approve the application subject to such conditions and limitations that the Authority considers appropriate,
 - iii. defer the application pending receipt of additional information, or
 - iv. refuse the application with reasons for its decision.
4. If the Authority decides to approve an application for registration, it will notify the applicant and the approved institution in writing, including any conditions and limitations on the approval set by the Authority. But if the Authority decides to refuse an application, it will notify the applicant and the approved institution in writing, including the reasons for its decision.

Article 7: Cancellation of Registration

1. If a registered person's registration is cancelled, his approved institution must ensure that the person immediately ceases to perform the registrable function.
2. If a registered person ceases to carry on a registrable function or ceases to be employed or associated with an approved institution, the institution must notify the Authority within seven days in the manner prescribed by the Authority. Upon receipt of the notice, the registration will be suspended until the Authority decides to cancel the registration, or consent to the transfer of the registered person to another approved institution.
3. If a registered person is terminated for cause, his approved institution must also notify the Authority of the reasons for termination within seven days of the date of termination.
4. A registered person continues to be subject to the jurisdiction of the Authority for ten years after cancellation of his registration in respect of any act or omission that occurred before the cancellation. If at any time during this ten year period the Authority commences an investigation or enforcement proceedings, the registered person will continue to be subject to the jurisdiction of the Authority until the matter is closed.

Article 8: Exemptions

The following persons are exempted from taking the exams prescribed by the Authority and detailed in Annex 2:

1. All persons who have satisfied the conditions set forth in the Banque du Liban basic circular number 103 of March 9, 2006 (securities and derivatives).
2. Persons with a minimum 15 years of experience in the financial sector (securities business) prior to 18/09/2009. Such experience should have been gained within the 18 years prior to 18/9/2009. (In calculating the length of this experience, vacations exceeding 60 continuous days should be excluded).
3. Branch Managers who assumed their responsibilities before 18/09/2009 with at least 7 years of experience in the financial sector (securities business). Such experience should have been gained within 9 years prior to 18/09/2009. (In calculating the length of this experience, vacations exceeding 60 continuous days should be excluded).
4. The CEO, General Manager duly designated and non-executive board members should be excluded from the certification requirements;
5. Persons who have passed the following courses or certifications are exempted from the Securities exam:
 - a) USA: NASD/FINRA Series 7

- b) UK: The Exams required in the UK are covered by ESA's Securities course
6. Persons who have passed the following courses or certifications are exempted from the derivatives exam:
 - a) USA: NASD/FINRA Series 3 or Series 7
 - b) UK: The Exams required in the UK are covered by ESA's Securities course

Article 9: Miscellaneous

1. An approved institution must pay the fees prescribed by the Authority for each application for registration.
2. An approved institution is prohibited from assigning anyone, no matter what his title or legal status is, (employee, contractor, etc...) any of the registrable functions mentioned in Annex 2, unless he fulfills the qualifications and conditions set out in this decision.
3. Any person who violates the provisions of the present decision shall be subject to the administrative sanctions set forth in the applicable laws, namely Law No. 161 dated 17/8/2011, on the capital markets.
4. The present regulation shall enter in force upon its publication in the Official Gazette, however institution previously licensed to carry on securities business will be granted until January 1st, 2017 to provide the Capital Markets Authority with:
 - A schedule highlighting the registration of all employees subject to this decision in the examinations required in accordance with Annex 2.
 - A list of the employees who have passed the examination listed in circular 103 of 9/3/2006 issued by BDL or what the Authority considers as equivalent to a prescribed qualification examination.
 - A list of the employees that the institution considers as exempt from a registered person license in order to verify the legality of this exemption.

Beirut, on September 29, 2016.

CMA Chairman/ Governor of the Central Bank of Lebanon

Riad Toufic Salame (signature)

Annex 1

APPLICATION FOR APPROVAL AS A REGISTERED PERSON

Instructions

1. An applicant for approval by the Authority as a registered person must file this completed form and all supporting information and documents with the Secretary General of the Capital Markets Authority at:

[Riad el Solh Street-Facing the Ministry of Telecommunications-Building 87
eosg@cma.gov.lb]

2. An applicant must file all the information and documents listed in the annex to this application form, as prescribed below.

3. All forms, information and documents may be submitted in hard copy original form (3 copies).

4. The Authority may require the applicant to file additional information or documents.

5. Incomplete applications will be returned and cannot be processed until completed.

6. An applicant who files misleading information, or who attempts to mislead the Authority by filing incomplete, false or inaccurate information, will be denied approval.

7. In making application for approval as a registered person, an applicant becomes subject to the Regulations as of the time of application.

8. The application must be approved and endorsed by the applicant's approved institution in the form set out in the application. The approved institution must have satisfied itself that the applicant is a fit and proper person to perform the registrable functions that it seeks approval for.

APPLICATION FOR APPROVAL AS A REGISTERED PERSON

Name of Applicant:

Date:

1. Full name
2. Mother's name
3. Address (home)
4. Address (office)
5. Email address
6. Telephone (office)
7. Date of birth
8. Place of birth & Registration Number
9. Citizenship
10. Country of residence
11. Position with applicant
12. Person that position reports to in the approved institution
13. Main responsibilities of position
14. Registrable functions for which applicant seeks approval of the Authority as a registered person
15. Proposed start date
16. Qualifications
 - Academic qualifications

| Qualification | Name of institution | Year Awarded |
|---------------|---------------------|--------------|
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- Professional or industry accreditations, certifications, courses or programs

| Qualification | Name of institution | Year Awarded |
|---------------|---------------------|--------------|
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- Full particulars of the applicant's qualifications as a fit and proper person to perform each registrable function applied for:
- Details of current or past registrations with the Banque du Liban or any other financial services authority or body.

| Qualification | Name of institution | Year Awarded |
|---------------|---------------------|--------------|
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17. List any other current employment or position, including the name of any company or body that you are currently a director, officer or employee of.

18. Have you ever applied for, and been denied, a registration, license or other authorization to carry on business, or had any such registration, license or authorization suspended, terminated or revoked?

19. Have you, or has any organization that you are or have been employed by or associated with,

i) ever been refused or restricted from the right to carry on any trade, business or profession for which a specific license, registration or other approval is required?

ii) ever been disqualified from being a director or officer of a company?

iii) ever been censured, penalized, or disciplined by any authority, regulator or professional body?

- iv) ever been the subject of a court order or official investigation?
- v) ever failed to satisfy your/its debts?
- vi) ever been the subject of bankruptcy or insolvency proceedings?
- vii) ever been convicted of an offence, or found liable for any act, involving embezzlement, fraud, theft or other dishonesty?
- viii) ever been found in violation of any financial services law or regulation, or of any professional standards or code of conduct?

20. File an up-to-date CV that includes your complete employment history with this application, and the other information and documents required by this decisions and its annexes.

Declaration of Applicant

1. I certify that the information contained in this application is complete and accurate, to the best of my knowledge and belief.
2. I understand that the Authority may take disciplinary action against a person who has made a false or misleading statement when applying for registration.
3. I understand that if any information in this application changes before this application is approved, I must notify the Authority in writing immediately of the changes.
4. I consent to the Authority using any personal information I have provided in this application, and any personal information I may provide in the future, for purposes of carrying out its responsibilities.
5. I consent to the Authority making any query, review or investigation about my background for purposes of assessing this application.

SIGNED BY:

[Name of applicant] Date:

Title:

[Position with the approved institution]

Declaration of the Applicant's Approved Institution

I certify that:

1. I am authorized to approve this application for registration on behalf of [name of approved institution]
2. I certify that [name of approved institution] has approved and endorses this application for registration,
3. I certify that I have reviewed this application for registration and, after making reasonable enquiries, that the information contained in this application is complete and accurate, to the best of my knowledge and belief.
4. I believe that the applicant is a fit and proper person to be registered to perform the registrable functions applied for in this application.

EXECUTED ON BEHALF OF THE APPROVED INSTITUTION BY:

[Name of officer] Date:

By Title:

[Officer of the institution]

Contact information for signatory to this declaration:

INFORMATION AND DOCUMENTS TO BE FILED WITH THIS APPLICATION

- 1- Applicant's CV, including complete employment history.
- 2- Copy of current or past registration documents with Banque du Liban or another competent authority.
- 3- Copy of certification by accredited industry bodies.
- 4- Copy of certificates evidencing completion of examinations required by Annex 2 to this decision.

Annex 2

REGISTRABLE FUNCTIONS AND PRESCRIBED QUALIFICATION EXAMINATIONS

| | Function | Qualification Examinations |
|----|---|--|
| 1 | CEO, Managing Director or General Manager | Securities exam Business conduct exam |
| 2 | Senior Executive Officer: <input type="checkbox"/> includes heads of main departments or divisions | Securities exam Derivatives exam Business conduct exam |
| 3. | Director | Securities exam Business conduct exam |
| 4. | Finance Officer | Securities exam Business conduct exam |
| 5. | Compliance Officer | Securities exam Global Financial Compliance exam Business conduct exam |
| 6. | Anti-Money Laundering (AML) Officer | Securities exam Global financial compliance exam Business conduct exam |
| 7 | Risk Management Officer | Securities exam Derivatives exam Global financial compliance exam Business conduct exam |

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|----|---|--|
| 8 | Senior Manager: <input type="checkbox"/> includes heads of business lines Or product areas | Securities exam Derivatives exam Business conduct exam |
| 9 | Client representative: <input type="checkbox"/> Account representative <input type="checkbox"/> Sales representative or broker <input type="checkbox"/> Investment manager <input type="checkbox"/> Investment funds manager <input type="checkbox"/> Portfolio manager – discretionary <input type="checkbox"/> Portfolio manager – non-discretionary <input type="checkbox"/> Investment advisor <input type="checkbox"/> Asset manager <input type="checkbox"/> Investment banking or corporate finance manager / officer <input type="checkbox"/> Research analyst or manager | Securities exam Derivatives exam Business conduct exam |
| 10 | Trader | Securities exam Derivatives exam Business conduct exam |

CANCELLED