

**Interlocutory Decision-13093**  
**Amendments to “The**  
**Control of Financial and**  
**Banking Operations for**  
**Fighting Money Laundering**  
**and Terrorist Financing”**

In accordance with the Law No 44 regarding combating money laundering and financing terrorism issued on 24/11/2015 and with the decision No 7818 of year 2018, and based on the authorities of the governor in in order to secure the operations of the central bank of Lebanon based on the principle of maintaining public utility; The governor of the central bank of Lebanon has decided on certain amendments.

**Objective:**

Every bank shall obtain the approval of the senior management before establishing relations with a correspondent bank and verify the nature of the respondent bank's activities in which it is involved in; in addition to making sure that both the bank and the respondent bank are aware of their responsibilities. Also, with regards to payable through accounts, in order for the respondent bank to reach subjective convictions regarding the bank accounts that it holds with foreign correspondent banks, correspondent banks shall be able to provide relevant due diligence obligations upon request.

**Procedures and Implementations:**

Amending to article 3 of the aforementioned law, banks in their own capacity shall refrain from maintaining anonymous accounts or accounts with fake names, or adopt depositary procedures to open accounts, and apply due diligence procedures on all sort of customers whether permanent, resident or non-resident customer. Additionally, be able to determine the nature of their business and understand and determine the purpose and type of the account, and the source of the customer's income origin.

The bank shall keep all information related to the customer and the beneficial owner of the account, (such as address, occupation and etc.) as well as

maintain copies of all documents previously adopted to verify the above, which shall be maintained for a period of five years after the closure of the account or the end of the business relationship. This also includes documents related to all operations, including commercial transactions, which shall also be maintained for a period of five years as this sort of information could be used to track a financial crime.

Adding to article 5 of the aforementioned law, the bank is allowed to discontinue the procedures of conducting in depth due diligence reporting for clients suspected of being involved in money laundering or financing terrorism, since these procedures might alert the client of such suspicions. However, the bank must typically conduct due diligence procedures when:

- the transactions related to the bank account seem unusual,
- If the transaction appears to have no financial justification or legitimate purpose, especially if there seems to be a discrepancy between the transaction and the customer's said occupation,
- If one of the parties involved in the transaction is a resident or national of a country where the recommendations of the Financial Action Task Force are not applied or inadequately implemented.

Finally, in order to undergo proper due diligence procedures, actions that should be put into place are: customer profiling, identify politically exposed persons, conduct risk based control to analyze who falls under the high risk scoring, increase KYC levels of beneficial owners, undergo periodic review of relationship, and undertake a peer comparison.

