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# Basic Circular No. 13262 issued on August 27, 2020 on exceptional measures to reactivate the work of banks operating in Lebanon

Each bank must carry out a fair evaluation of its assets and liabilities that helps it to set the plan referred to in Article 11 of Basic Circular No. 3939 of 3/25/1998 which states that all banks must albeit gradually, comply with all legal texts and banking regulations applied to banks, especially those related to liquidity and credit. Also, reactivate its usual activities and services to its customers not less than it was prior to October 2019. This provision shall be applied to presidents, members of administrations and major shareholders of banks and the executive departments of the banks as well as political exposed persons.

In order for banks to strengthen their liquidity, especially with their correspondents abroad, they are required to search for their customers whom have transferred abroad more than a total of five hundred thousand American dollars from 1/07/2017 until the issuance of this Circular, and have them deposit in a frozen account for a period of five years, 15% of the transferred amount. However, presidents, members of administrations and major shareholders of banks and the executive departments of the banks as well as political exposed persons shall have 30% instead of 15% transferred from the amount.

Each bank, within a period ending on 2/28/2021 shall establish a foreign account free from any obligations for their oversees correspondents, not less and at any time, 3 % from the total deposit.

Additionally, banks have to take the necessary legal and regulatory measures in order to obtain the consent of its depositors by converting their deposits into shares in its capital and/or to redeemable, tradable, and convertible perpetual bonds.

Banks may give the right to the holder to increase his/her capital share through exercising the right of preference under the following conditions:

- Provide comprehensive explanation to the relevant person about the legal and regulatory measures;
- Inform the concerned depositors, in the event of transferring their deposits into shares, with an appraisal report of the value, approved by the Central Bank of Lebanon;
- List all the bank’s shares and trade in them exclusively on the stock exchange in Lebanon provided that it takes into account the Lebanese sovereign laws and those governing the Capital Markets Authority and systems;
- Separate the chair of the board from the concerned bank in accordance with article 153 of the commercial law.

In the event where the Bank fails to implement the provisions of this circular, the bank shall be transferred to the supreme banking authority in charge of imposing administrative penalties against non-compliant banks, based on Article 208 of the code of money and credit in addition to the penalties imposed by law No. 44 of 24/11/2015 on combating money laundering and financing terrorism as the act of non-compliance falls under the crimes stated in Article 9 and 21 of this law No. 44.