



BANKING CONTROL COMMISSION
BANQUE DU LIBAN

Beirut, May 13, 2016

Circular No. 286

Addressed to Banks and Financial Institutions
Operating in Lebanon

Subject: Debit accounts that are frozen or closed pursuant to the procedures, sanctions, and restrictions imposed by legitimate international organizations or foreign sovereign authorities.

Pursuant to the implementation of Intermediate Decision No. 12252 of May 3, 2016 (BDL Intermediate Circular No. 420), banks and financial institutions operating in Lebanon must comply with the following rules:

First: To build instantly collective provisions against the debit accounts that are frozen or closed pursuant to the procedures, sanctions, and restrictions imposed by legitimate international organizations or foreign sovereign authorities, with no need to amend the credit rating of these accounts.

Second: To promptly communicate to the Banking Control Commission written information on the debit accounts specified in Paragraph First, with at least:

- The customer's name and number at the Central Office for Credit Risk.
- The balance of direct and indirect debts, including the guarantees granted by the customer.
- The guarantees obtained (with their type and amount).
- The provisions constituted.

Third: To examine each account separately and to submit to the Banking Control Commission, within three-month at most from the freezing or closing date of the accounts, a detailed report on the credit status of each account, while suggesting the relevant remedial method and mechanism (possibility of netting, identifying the repayment sources, determining the amount of guarantees, the repayment program...).

Fourth: In light of the report submitted to the Banking Control Commission, as specified in Paragraph Third above, this Commission shall classify the account according to its credit status, and shall determine the relevant amount of provisions to be set aside from the balance of collective provisions built pursuant to Paragraph First above.

In conclusion, the Banking Control Commission hereby reminds that each bank or financial institution, as stipulated in BDL Basic Decision No. 12253 of May 3, 2016 (BDL Basic Circular No. 137), is liable to conduct its operations in accordance with the provisions of the US Act of December 18, 2015 and the relevant applicable regulations.

On behalf of the Banking Control Commission

The Chairman

Samir Salim Hammoud