



Guide Procedures

For

Certified Public Accountants in Lebanon

In Implementation of the provisions of the law on
Fighting Money Laundering
and Terrorist Financing
No 44 of November 24, 2015



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THIS GUIDE IS ORIGINALLY DRAFTED IN ARABIC. THEREFORE,
IN CASE OF ANY DISCREPANCY, REFER TO THE ARABIC VERSION.

Ladies and Gentlemen, my Colleagues,

The international community is concerned as per the implications and penalties of money laundering and financing terrorism (ML/FT). Hence, legislative, executive and regulatory bodies are working on the international and regional scale to establish legal texts and implementation frameworks in order to combat such activities, given their negative repercussions on economy, and integrity of the financial system and stability of investments.

In an increasingly interrelated world, the Lebanese Parliament ratified the Law No. 44/2015 on Anti Money Laundering and Terrorist Financing (AML/CFT) In order to keep up with the relevant modern international changes and standards and to avoid the listing of Lebanon among non-cooperative and non-abiding countries with the United Nations Security Council Resolutions and the international community.

Hence, in compliance with the legislative and regulatory texts and the international usages for practicing the profession as per Certified Public Accountants (CPAs) in Lebanon, especially the provisions stipulated in Law 44/2015 relevant to certified accountants, for both legal and professional motives, and in order to embody the belief of the Lebanese Association of Certified Public Accountants in its role and endeavor as per the protection, progress, prosperity and dignity of the profession.

The Lebanese Association of Certified Public Accountants has established this guide 2 effective policies and procedures that prevent any targeting of the independence of the certified public accountant, while maintaining professional confidentiality, and in order to help fighting money laundering

and terrorism financing (AML/CFT), in addition to implementing the said law and its regulatory provisions. It acts as a preventive tool for experts and their clients, through assessing facts and determining the due forms for reporting serious suspicions 3 that threaten the financial stability and overall macroeconomic performance of the country.

The Lebanese Association of Certified Public Accountants would like to extend the appreciation to each and every one, who took part in drafting the present guide, particularly Dr. Daoud Youssef Sobh and Dr. Ali Badran, as well as for the efforts and follow-up of the Special Investigation Commission at Banque du Liban, represented by the Secretary-General, Mr. Abdel Hafiz Mansour.

Beirut on 30 October 2018

Sarkis Sakr

President

Lebanese Association of Certified
Public Accountants (LACPA)

Table of Contents

Introduction	11
Item 1: Basic Definitions	12
1. Money Laundering	
2. Stages of Money Laundering	
3. The Special Investigation Commission	
a. The Main Mission of the Commission	
b. Structure of the Commission	
Item 2: Illicit Funds	15
Item 3: Money-Laundering and Terrorist Financing Sanctions	16
Item 4: Obligations of Certified Accountants According to the Provisions of Article 5 of Law 44/2015	16
1. Obligation of Reporting Suspicious Operations Related to Money Laundering or Terrorism Financing	
2. Immunity enjoyed by Certified Public Accountants	
3. Sanctions in Case of Violation of the Provisions of Law 44/2015	
Item 5: Beneficial Right's Owner	19
Item 6: Customer Due-Diligence	19
1. Customer Acceptance Policy	
2. Customer Identification and Verification	
3. Beneficial Right's Owner Identification and Verification	
4. Continuous Monitoring of Customer Operations	
Item 7: Customer Enhanced Due Diligence (EDD)	22
Item 8: Simplified Due Diligence	22

Item 9: Indicators Flagging the Likelihood of a Money Laundering or Terrorist Financing Operation	23
1. Indicators related to the customer	
2. Operations or Transactions Inappropriate for the Company Activity	
3. High-Risk Sectors	
Item 10: Unusual Transactions	25
Item 11: Service Risks (Services Provided by the Certified Public Accountant that Might be Used in Money Laundering Operations)	26
Item 12: The Responsibility of the LACPA to Verify the Compliance of CPAs with the Provisions of Law 44/2015	26
Item 13: Assessment of Money Laundering and Terrorism Financing Risks and Classification of Customers	28
1. Customer Risk	
2. Country Risks	
3. Service Risks	
Item 14: Record and Document Keeping	30
Item 15: Final Provisions	30
Annexes:	
1. "Law No 44 of November 24, 2015 Fighting Money Laundering and Terrorist Financing".	34
2. "Law No 55 of October 27, 2016 Exchange of Information for Tax Purposes".	45
3. "Law No 74 dated October 27, 2016 Defining tax obligations for individuals carrying out trustee activities".	49
4. "Law No 75 of October 27, 2016 Cancelling Bearer Shares and Promissory Notes".	50
5. "Law No 160 of August 17, 2011 The Prohibition of Exploitation of Inside Non Public Information when Trading in the Capital Markets".	52

6.	Law No 77 of November 10, 2016 Amending Article 316 bis of Penal Law.	56
7.	Law No 106 of November 30, 2018 amending certain provisions of Law No. 44 of 11/11/2008 (Law on Tax Procedures).	57
8.	Form No 2 on Reporting a Suspicious Transaction issued by the Special Investigagtion Commission.	62
9.	Form on Electronic Suspicious Transaction Report issued by the Special Investigagtion Commission.	70
10.	Circular No 10 of July 9, 2009 related to the Traceable Accounts issued by the Special Investigagtion Commission.	75
11.	Circular No 24 of November 24, 2015 related to the Beneficiary Right Owner issued by the Special Investigagtion Commission.	76
12.	Decision No 1472/1 of September 27, 2018 with respect to the Mechanism of Defining the "Beneficial Owner" (Law No 74/2016) Issued by the Ministry of Finance.	79
13.	Decision No. 2045/1 of December 31, 2018 relating to the new Forms applicable to the "beneficial owners" Issued by the Ministry of Finance.	83
14.	Form M 1 Starting a Business (Companies) issued by the Ministry of Finance.	85
15.	Form M2 Presentation of Partner, Shareholder or Beneficial Owner issued by the Ministry of Finance.	87
16.	Form M4 Information Amendment Declaration (Companies)	88
17.	Form M5 Information Amendment Declaration (Sole Proprietorship, Profession) issued by the Ministry of Finance.	90
18.	Form M 10 Starting a Business (Sole Proprietorship, Profession) issued by the Ministry of Finance.	91
19.	Form M 11 Personal Presentation issued by the Ministry of Finance.	92
20.	Form M 18 Statement of the Beneficial Owner issued by the Ministry of Finance.	93

21.	"Form Know Your Customer (KYC) Natural Person issued by the Lebanese Association of Certified Public Accountants".	94
22.	Form Know Your Customer (KYC) Legal Person Form issued by the Lebanese Association of Certified Public Accountants.	95
23.	Circular No 9/2018 of 21 November 2018 concerning the personal declaration of the services enumerated in Article V of Law No. 44/2015 issued by the Lebanese Association of Certified Public Accountants.	97
24.	Certified Public Accountant Declaration of Compliance with the Provisions of Article V of Law 44/2015 issued by the Lebanese Association of Certified Public Accountants.	99
25.	Sample Representation Letter as per ISA 580 issued by the Lebanese Association of Certified Public Accountants.	100
26.	Verification Checklist Model for the Certified Public Accountant issued by the Lebanese Association of Certified Public Accountants.	103

Introduction

According to the provisions of Law no. 44 of November 24, 2015 - Fighting Money Laundering and Terrorist Financing - adopted in light of the results of the peer review (mutual evaluation) of Lebanon conducted in 2009 by the MENAFATF (Middle East and North Africa Financial Action Task Force) to assess the compliance of countries with the recommendations of the Financial Action Task Force (FATF)⁽¹⁾; and in compliance with the relevant international laws, norms and standards, as well as the Accountancy Profession Act of the Lebanese Association of Certified Public Accountants Law no. 364/1994 calling for the implementation of best practices and compliance with fighting money laundering and terrorist financing laws in order to protect the interests of certified public accountants and the auditing and accounting profession, and to maintain the good reputation of the Lebanese certified public accountants sector,

And since it is necessary to draw up an organizational framework for some of the tasks and operations performed by certified public accountants in light of the provisions of the abovementioned law,

The Lebanese Association of Certified Public Accountants provides its members with this Guide Procedures that will help establish a mechanism that will in turn facilitate the certified public accountants' implementation of effective procedures in alignment with the provisions of the aforementioned law, specifically provisions of Articles 5, 7, 10 and 11.

Illicit funds, especially those earned through any of the enumerated offences in Article 1 of Law 44/2015, cannot be the basis of any economic growth, due to the negative repercussions on the society and the bad acquired reputation of the country as a whole, since funds gained through any of the offences negatively impact a healthy economic growth and economically feasible investments.

For instance, corruption crimes weaken fair competition and negatively affect the good management of public affairs and public property. This may result in projects' implementations at high

(1) The Financial Action Task Force is an intergovernmental body whose purpose is the development of strategies to combat money laundering and terrorism financing as well as the monitoring of the compliance of member states with issued recommendations.

costs in the absence of the necessary conditions, which in turn impacts public finance, public debt and debt service.

As for illicit funds earned through corruption crimes, they are usually transferred among accounts abroad, similarly to funds earned from all other offences punishable by law, such as; internal trafficking, illicit trafficking of narcotic drugs, theft, breach of trust, embezzlement, tax evasion and other prohibited shadow activities. The beneficiaries of such earned illicit funds try to conceal the funds' sources and include them in the financial cycle and the economic system to give them a legal nature. These offences have dangerous repercussions both on the economy and the society.

Item 1: Basic Definitions

1. Money Laundering

Money Laundering according to Article 2 of Law 44/2015 is any act committed with the purpose of:

- a. Concealing the real source of illicit funds, or giving, by any means, a false justification regarding the said source, while being aware of the illicit nature of these funds.
- b. Transferring or transporting funds, or substituting or investing the latter in purchasing movable or immovable assets or in carrying out financial transactions for the purpose of concealing or disguising the such funds' illicit source, or assisting a person involved in the commission of any of the offences mentioned in Article 1 to avoid prosecution, while being aware of the illicit nature of these funds.

The money laundering and terrorist financing' is a separate offence that does not necessitate a charge with the underlying predicate offence. Charging the offender with an underlying predicate offence shall not preclude the pursuing of any legal proceedings against the latter for a money laundering offence, in case of variation in the elements of the offences.

2. Money Laundering Stages

There are three stages involved in money laundering:

- a. **Placement:** This stage involves placing the illicit funds, earned through committing one of the offenses enumerated in Law 44/2015, into circulation in

the financial system. This is usually done through smaller deposits of money used to purchase securities, shares or insurance policies. Another method is buying casino chips with illicit cash then cashing in the chips and taking payment in a check to be deposited in the banking sector, claiming the proceeds as gambling winnings.

- b. **Layering:** This stage involves a series of transactions aiming at concealing the source of the illicit funds. This might include money transfers into multiple accounts locally or abroad. The most common methods to do so include electronic transfers and front or shell companies.
- c. **Integration:** This stage involves using the illicit funds to purchase expensive goods or real estate or investing in projects.

3. The Special Investigation Commission (SIC)

The Special Investigation Commission (the Commission) was established by virtue of Law 318 (Fighting Money Laundering) dated 20 April 2001 amended by Law 44/2015 dated 24 November 2015.

The Law 44/2015 has repeated some articles found in the Law 318. **The Commission**, established by Law 318, is also mentioned in Article 6 of the new law whereby it is given a wide range of prerogatives and functions where all security, judicial, financial and administrative authorities should immediately and promptly respond to any information request.

The **Commission**, according to international standards, is **the Lebanese Financial Intelligence Unit (FIU)**, an independent legal entity with judicial status established at Banque du Liban, discharging its functions without being subject to the Banque du Liban's authority.

The **Commission** is a member of regional and international bodies such as Egmont Group⁽²⁾ and it played an important role in establishing the Middle East and North Africa Financial Action Task Force (MENA FATF) and in presiding over it. The Commission has participated, and still participates, regularly in the activities organized by regional and international bodies.

(2) The Egmont group is an international forum for financial intelligence units. It was established in 1995 and its purpose is to promote member country activities in the fight against money-laundering and terrorism financing. For more information on the main objectives of the group, please visit www.egmontgroup.org (the current vice-chair of Egmont is the Secretary-General of the Special Investigation Commission in Lebanon).

a. The Main Mission of the Commission (Article 6 of Law 44/2015)

- To receive and analyze suspicious transaction reports (STRs).
- To investigate operations suspected to be money-laundering or terrorist financing offences.
- To decide on the precautionary and temporary freezing of the suspicious accounts and/or transactions.
- To permanently freeze the concerned accounts and/or transactions, and/or to lift the banking secrecy in favor of the competent judicial authorities and the Higher Banking Commission represented by its Chairman on accounts or transactions suspected to be related to money laundering or terrorist financing.
- To keep suspicious accounts as traceable accounts.
- Attach an encumbrance on the records and entries pertaining to movable or immovable assets. The encumbrance shall be kept until doubts are erased or until a final decision in this regard is taken.
- To ensure compliance by the parties referred to in Law 44/2015 with the obligations stipulated in this Law and in the regulations issued in relation thereto, except the verification of compliance of certified accountants with these obligations.
- To issue regulations on the implementation of the provisions of Law 44/2015 addressed to the parties referred to in Article 5 above, and to issue recommendations to all concerned parties.
- To collect and retain the information received from Lebanese and foreign official authorities, and to share such information with the **Commission's** counterparts, in its capacity as the competent authority and the official center to undertake such a task.

b. The structure of the Commission: Article 6 of Law 44/2015 states that:

The **Commission** shall consist of the Governor of Banque du Liban, or in case of impediment one of the Vice-governors, in addition to a judge appointed to the Higher Banking Commission, a member appointed by the Council of Ministers and the Chairman of the Banking Control Commission, or a member of the latter designated by its chairman.

The General Secretariat of the **Commission** shall be headed by a full-time Secretary

General, who shall be responsible for the tasks assigned to him by the **Commission**, and for implementing its decisions. The General Secretariat includes four administrative units:

- Auditors and Investigation Unit
- Compliance Unit
- Financial Investigation Administrative Unit
- IT and Security Unit

Item 2: Illicit Funds

Illicit funds, according to Article 1 of Law 44/2015, include assets, tangible and intangible, movable and immovable, including any legal documents or instruments evidencing title to, or interest in, such assets, resulting from the commission of, or the punishable attempted commission of, or the participation in any of the following offences, whether in Lebanon or abroad:

1. The growing, manufacturing, or illicit trafficking of narcotic drugs and/or psychotropic substances according to the Lebanese laws.
2. The participation in illegal associations with the intention of committing crimes and misdemeanors.
3. Terrorism, according to the provisions of Lebanese laws.
4. The financing of terrorism or terrorist acts and any other related activities (travel, organizing, training, recruiting...) or the financing of individuals or terrorist organizations, according to the provisions of Lebanese laws.
5. Illicit arms trafficking.
6. Kidnapping, using weapons or any other means.
7. Insider trading, breach of confidentiality, hindering of auctions, and illegal speculation.
8. Incitation to debauchery and offence against ethics and public decency by way of organized gangs.
9. Corruption, including bribery, trading in influence, embezzlement, abuse of functions, abuse of power, and illicit enrichment.

10. Theft, breach of trust, and embezzlement.
11. Fraud, including fraudulent bankruptcy.
12. The counterfeiting of public and private documents and instruments, including checks and credit cards of all types and the counterfeiting of money, stamps and stamped papers.
13. Smuggling, according to the provisions of the Customs Law.
14. The counterfeiting of goods and fraudulent trading in counterfeit goods.
15. Air and maritime piracy.
16. Trafficking in human beings and smuggling of migrants.
17. Sexual exploitation, including sexual exploitation of children.
18. Environmental crimes.
19. Extortion.
20. Murder.
21. Tax evasion, in accordance with the Lebanese laws.

Item 3: Money-Laundering and Terrorist Financing Sanctions

In accordance with the provisions of Article 3 of Law 44/2015, whoever undertakes or attempts to undertake or incites or facilitates or intervenes or participates in:

1. Money-laundering operations shall be punishable by imprisonment for a period of three to seven years, and by a fine not exceeding twice the amount laundered.
2. Terrorist financing operations or any related activities, shall incur the penalties stipulated in Article 316 bis and Articles 212 to 222 of the Penal Code.

Item 4: Obligations of Certified Accountants According to the Provisions of Article 5 of Law 44/2015

Certified Accountants must implement these obligations, according to the provisions of Article 5 of Law 44/2015, when preparing or carrying out on behalf of their customers any of the following activities:

1. Buying and selling of real estate.
2. Management of customers' movable and immovable assets, in particular transactions consisting of money accumulation and joint investment.
3. Management of bank accounts and securities accounts.
4. Organization of contributions for the establishment or management of companies.
5. Establishment or management of legal persons or unique legal arrangements, and buying and selling of single person enterprise or companies.

Certified Accountants, by virtue of the provisions of Article 5 of Law 44/2015, must keep records of operations that exceed the threshold designated by the Special Investigation Commission and they must also comply with the following obligations stated in Article 4 of Law 44/2015 and with the regulations and recommendations issued by the "Commission" to ensure implementation of the provisions of that law:

- To implement Customer Due Diligence measures on permanent customers (whether natural persons or legal persons or unique legal arrangements), in order to check their identity on the basis of reliable documents, information or data.
- To determine the identity of the beneficial right's owner and take the steps to verify this identity, on the basis of reliable documents, information or data.
- To retain copies of related documents of all operations, and to retain information or data or copies of the customers' identification documents, for at least five years after performing the operations or ending the business relationship, whichever longer.
- To continuously monitor and review the business relationship.
- To apply the measures specified in Paragraphs 1 to 4 above to permanent customers, whenever there are doubts regarding the accuracy or adequacy of declared customer identification data, or whenever there is a suspicion of money laundering or terrorist financing, regardless of any thresholds or exemptions that limit the implementation of these measures.
- To take into account the indicators that flag the likelihood of a money laundering or terrorist financing operation, as well as the due diligence principles to detect suspicious operations.

1. Obligation of Reporting Suspicious Operations Related to Money Laundering or Terrorism Financing

In case the Certified Public Accountant is unable to comply with the obligations stated in Item 4, specifically when preparing or carrying out on behalf of their customers any of the activities mentioned in Article 5 of Law 44/2015, then the accountant has to refuse the task and terminate the work relationship. The accountants must promptly report to the Chairman of the **Commission** all the details of the suspicious operations undertaken or attempted to be undertaken.

The certified accountant should also promptly report to the Chairman of **the Commission**, through the same mechanism, the details of operations undertaken, or attempted to be undertaken, they are working on and they suspect to be concealing money laundering or terrorist financing.

In accordance with the provisions of Article 11 of Law 44/2015, **reporting Certified Public Accountants and their employees are prohibited from disclosing or insinuating to anyone that a suspicious transaction report or other relevant information is submitted or intended to be submitted to the Commission, or that the Commission is inquiring about customers or auditing their operations or accounts.**

2. Immunity enjoyed by Certified Public Accountants

In accordance with the provisions of Article 12 of Law 44/2015, **auditors and their staff shall enjoy immunity in performing their duties under the provisions of this Law or according to the decisions of the Commission**, particularly when they report in good faith to the **Commission** the details of operations/transactions they suspect to be related to money laundering or terrorist financing.

3. Sanctions in Case of Violation of the Provisions of Law 44/2015

According to the provisions of Article 13 of Law 44/2015, any party that violates the provisions of Articles 4, 5, 7, 10, and 11 of this Law shall be punishable by imprisonment for a period of two months to one year and by a fine not exceeding one hundred million Lebanese pounds, or by either penalties. The foregoing shall not preclude the enforcement of the sanctions stipulated in all other laws and regulations on the parties referred to in article 5, including certified accountants.

Item 5: The Beneficial Right's Owner* **(According to the SIC Circular 24 dated 14/6/2018)**

The beneficial right's owner is any natural person (cannot be a legal entity) who ultimately owns or controls, directly or indirectly the "customer" / or the natural person on whose behalf the transactions/operations are being conducted.

Indirect ownership and/or control cases⁽³⁾, are cases where ownership and/or control are through a chain of ownerships, or through indirect control methods.

Specific procedures are established and maintained to identify and verify beneficial right's owner (s) of legal entity customers accordingly:

1. Identification of any natural person who directly or indirectly owns 20% or more of the capital of a legal entity.
2. In case of doubt that the natural person(s), (specified in paragraph 1 above, item 5), is/are the beneficial right's owner (s) of the legal entity customer, or in the absence of any natural person with a 20% or more ownership of the customer's capital, then, natural persons should be identified, who controls the legal entity, through different means (holding the majority votes, right of appointment or discharge of the majority of board members..).
3. In the absence of any identification of a natural person (as stated in paragraph 1 & 2 above, item 5), necessary procedures should be taken to specify and identify individuals occupying senior positions.

An updated record must be kept with the names of the beneficial right's owners, only when the "customer" and the "beneficial right's owner" are two different entities, and for any "customer" as "legal entity" or "natural person". In this case, the natural person, as the beneficial right's owner should be identified and verified.

Item 6: Customer Due-Diligence

Customer due-diligence measures are necessary in the following cases:

(3) By control, it is meant the direct or indirect ability of having an effective impact on the business of an individual or on the decisions taken by the said individual.

*

1. At the beginning of business relationships
2. Upon flagging of suspicious money laundering and terrorist financing transactions
3. Upon suspicion of inaccurate or insufficient data previously collected with regards to customer(s) identification

Necessary due diligence measures for all customers include the following:

1. Customer Acceptance Policy

A customer is any natural person or legal entity whether a company or an institution, regardless of any kind or legal arrangement, such as a trust or a commission, organization, or a non-profit organization (mutual funds, cooperatives, welfare centers, charities, clubs, and others..)

Certified public accountants, in compliance with provisions of anti money laundering and terrorist financing laws, **at the beginning of any business relationship, must exercise due diligence before accepting customers, and entering into a business relationship.** Certified Public Accountants must verify the legality of the customer's activities before agreeing to audit accounts and transactions. They must also respect other professional obligations relevant to their profession, as stated by the Professional Code of Conduct published by the Association in 2006.

2. Customer Identification and Verification

The certified public accountant needs to identify customers (natural persons and legal entities) and verify their identities through documents, data and original information from a credible and independent source.

For legal entities, The certified public accountant needs to follow effective procedures to collect information on the legal entity's name, legal arrangement, establishment papers, by-laws, names of individuals occupying senior positions, names of individuals at the executive level, registered office address or headquarters (if different), and names of owners including those who own a controlling share of the legal entity.

Moreover, the certified public accountant needs to understand the objective and nature of the business relationship, as well as the administrative structure and decision-making control mechanism, and whenever necessary, the certified public accountant needs to receive relevant information and verify that the legal entity is practicing the declared profession.

Special attention should be given to non-resident customers where customer identifica-

tion⁽⁴⁾ measures should be fully applied without using the justification of the customer being unable to personally appear for identification and verification. This is a common problem that is continuously growing due to the development of electronic banking services over the internet or similar media, which might result in a difficult customer identification and verification process.

3. Beneficial Right's Owner Identification and Verification

The certified public accountant needs to follow necessary measures to determine the identity of the beneficial right's owner (referred to in Item 5), and take the steps needed to verify this identity, on the basis of reliable documents, information or data from reliable and independent sources so as to know the beneficial right's owner, in other words, the true beneficiary.

4. Continuous Monitoring of Customer Operations

Continuous due diligence in business relationships includes auditing operations undertaken within the timeframe of that relationship to guarantee consistency of undertaken operations with what the certified public accountants knows of the customer's activities and relevant risks. This includes identification of the source of funds and ascertaining that documents, data or information collected through due diligence procedures are continuously updated and appropriate, especially for high-risk customers where Enhanced Due Diligence (EDD) measures are to be applied, especially when there are high risks of money laundering and terrorism financing. Risk management should be based on the **know your customer (KYC) principle**.

The **know your customer (KYC) principle** is considered the basic rule in identifying the customer and the customer's financial capabilities within the commercial and productive sectors he works in. The KYC principle is also used to identify all entities in domestic or international business relationships with the customer, as well as to specify expected cash flows and revenues coming into the customer's accounts. All this allows monitoring of customer operations to ascertain consistency with the nature of customer activities.

The **Basel Committee guidelines** include the core ethical principles and encourage the implementation of effective procedures to identify the customer, reject suspicious transactions and cooperate with control authorities. **Customer identity is one of the**

(4) The matter of customer identification and verification in the absence of the customer has been discussed by Financial Action Task Force, and has also been reviewed during the amendment of the instructions issued by the European Commission in 1991. (page 13 eng version).

most important elements in the know your customer principle, the latter being one of the basic principles of risk-management and countering money laundering and terrorism financing.

Item 7: Customer's Enhanced Due Diligence (EDD)

1. Collecting additional customer information, notably with regards to activities, size of assets and any other available information in commercial databases or on the internet, as well as periodically updating data relevant to customer identification and beneficial right's owner identification.
2. Conducting an additional internet search, using public or private sector sources, to assess customer risk.
3. Collecting additional information on the nature of the expected business relationship.
4. Collecting additional information on the reasons behind expected or undertaken operations/transactions.
5. Collecting additional information on the customer's wealth and source of funds.
6. Continuously monitoring the business relationship through more frequent reviews, in addition to choosing samples of transactions that call for an in-depth and detailed review.

Item 8: Simplified Due Diligence

Cases where there is little risk of money laundering and terrorism financing are the following:

1. When customer identity information is public knowledge, for instance public institutions, public administrations or public utilities.
2. Beneficiaries of consolidated accounts kept by non-financial professions or companies, on condition that said professions or companies comply with the requests of anti money laundering and terrorist financing of, according to the Financial Action Task Force (FATF) recommendations.
3. Some programs, pension plans, for instance, that provide pension advantages to employees where contributions in such a case are through deductions of wages.

Item 9: Indicators flagging probable money-laundering and terrorism financing transactions

The Certified Public Accountant, shall take, in particular, but not limited to, the following indicators as an evidence of money laundering and terrorist financing transactions:

- 1. Indicators related to the customer**
 - a. An unjustified change in the ownership of the company.
 - b. Unclear company activity.
 - c. A recurrent change in the legal structure of the company, especially with regards to owners, transfer of ownership, headquarters, or activities.
 - d. Evidence that an unknown individual or an inappropriate individual is managing the company.
 - e. An unjustified complicated structure of the company.
 - f. Unclear beneficial right's owner.
 - g. No constant communication with the company owner.
 - h. The absence of the company owner's physical presence, especially when starting a business relationship with said owner's company.
 - i. Unclear reason behind customer's choice of company, in light of its size, location or activity.
 - j. A continuous and unjustified change of the board members or professional consultants.
 - k. Refusal of the company owner to provide the certified public accountant with necessary information or certified public accountant's suspicion with probable cause that provided information is untrue or insufficient.
 - l. Lack of interest in making profit or incurring losses in comparison with similar businesses within the sector, or the purchasing of real-estate property or assets that do not make a profit and that are not related to the regular profession.
 - m. Recurrent efforts to sell what was recently purchased at a cost that is lower than the purchasing cost without any logical explanation.

- n. Purchasing or founding a non-profit-company that is not related to the profession or commercial activities of the customer.
- o. Lack of customer cooperation with the due diligence requests.
- p. A change in the trade or in the nature of the economic activity through an increase in the volume of business or having multiple sources of income from another activity where said sources of income are not easily justified.

2. Operations or Transactions Inappropriate for the Company Activity

- a. Instructions issued by the customer to transfer funds outside of the sector of the customer's professional or commercial activity.
- b. An undertaken operation or series of operations outside of the commercial activity of the customer or different from the expected operations.
- c. The number of company employees is not appropriate for its size or nature of business in light of an increase in operations (payable and receivable) in comparison with the number of employees and size of used assets.
- d. Sudden activity for a dormant customer.
- e. The launching of a company or business by the customer when the customer's CV does not reflect the possibility of doing so.
- f. Indicators showing that the customer is not willing to receive the necessary and appropriate permits to start the business.
- g. The willingness of the customer to pay expensive fees that are inappropriate for the services provided.
- h. Receiving payments from third parties or from individuals who have no business relationship with the customer.
- i. Paying commissions in cash which is not consistent with usual means of payment for services provided.
- j. Large or recurrent transfers related to "offshore activities", and which appear to be inconsistent with the volume of the customer's activities.
- k. Performing large or recurrent foreign exchange operations (cambio) using cash funds, or transporting funds across borders when such activity is not consistent with the usual customer business.

- l. Repeatedly receiving cash deposits that are not consistent with the size or nature of the commercial activity, especially if received from individuals whose relationships with the customer are not justified.
- m. The account activity shows transferring abroad and receiving from abroad, sizable amounts of money, and when such operations are unjustified by the customer's activity, where said countries do not implement an acceptable anti money laundering and terrorist financing system.
- n. Cash operations or bank transfers that appear inconsistent with the geographical location of the customer's business.
- o. The presence of multiple accounts in many banks or different financial institutions inconsistent with the nature of the customer's business, or having many transfers among and through these accounts.

3. High-Risk Sectors

- a. Companies, with large volume of cash transactions, which could be used to conceal and disguise the sources of illicit funds.
- b. Politically-exposed persons.
- c. Investment in real-estate with amounts higher/lower than expected.
- d. Large international transfers without any economic justification.
- e. Unusual financial transactions with unknown source.
- f. Customer, in the absence of a centralized strategy, having business relations with entities in different countries.
- g. Presence of customer in countries that allow bearer shares.
- h. Submitting inflated/deflated invoices for goods or services.
- i. Submitting multiple invoices for same goods/services.
- j. Submitting invoices with false description of services or goods.

Item 10: Unusual transactions

Unusual transactions are transactions that are outside the normal course of undertaken transactions on the account. They lead to questions being asked with regards to causes and objectives knowing that they might not be improper. However, it is necessary to

understand the nature, causes and objectives of such transactions through requesting relevant documents to decide if said transactions are linked to suspicious transactions.

Item 11: Service Risks (Services provided by Certified Public Accountants that can be used in money laundering transactions)

1. Misuse of pooled accounts or funds/assets deposited under the customer's care.
2. Advice to the customer on how to establish a legal arrangement which can be used to hide real ownership or economic objective. The advice might include how to establish legal arrangements such as trusts or companies or how to change the company name or registered office address.
3. Misuse of customer introductory services to enter into a business relation with financial institutions.

Item 12: The verification of LACPA of the compliance of CPAs with the stated provisions in Law 44/2015

Article 17 of Law 44/2015 states that the Lebanese Association for Certified Public Accountants shall be responsible for verifying the compliance of certified accountants with the measures stipulated in this Law and in the implementation regulations issued in relation thereto and must also notify the Chairman of **the Commission** of any violation thereof. To that objective, a special committee was established, The AML/CFT Compliance Committee, by virtue of the Lebanese Association of Certified Public Accountants' decision during a board meeting held on 15 September 2016. The Committee is composed of seven experienced members from the Association and chaired by the President of the Association. The Committee membership was reviewed in 2018 and its tasks include the following:

1. Holding periodic meetings or meetings whenever necessary upon the chairman's request based on a drawn up agenda.
2. Formulating a Guide Procedures to comply with the provisions of the Anti-money Laundering and Countering Financing of Terrorism Law no 44/2015, updating it and reviewing it every two years and whenever there is need to do so based on changes in this regard.

3. Increasing awareness among certified public accountants on the obligations of money laundering and terrorism financing.
4. Organizing training sessions and workshops on money laundering and terrorism financing indicators, as well as workshops on the necessary obligations by virtue of the aforementioned law, implementation regulations, SIC recommendations and international standards and when the Association is officially.
5. Adopting necessary measures, amongst which the Risk-Based Approach to verify the compliance of CPAs with the provisions of Article 4 of Law 44/2015 (when preparing or carrying out on behalf of their customers any of the activities mentioned in Article 5 of aforementioned law), and with the obligations stated in Articles 7 and 11 of Law 44/2015. Verification needs to ascertain that CPAs are:
 - a. Following adopted and written procedures that include as a minimum the obligations stated in Articles 4, 5, 7 and 11 of Law 44/2015, in implementation regulations or in relevant SIC recommendations and when the Association is officially.
 - b. Complying with the necessary obligations of fighting money laundering and countering terrorism financing.
6. Submitting reports that include, to name a few, the verification results to ascertain how compliant CPAs are with the necessary obligations (followed procedures, samples, timeframe...). In case of non-compliance with necessary obligations, a note thereof shall be made in the report and the report shall be submitted to the board of the Association to take the appropriate decision.
7. Coordinating and cooperating with the Special Investigation Commission to follow-up on the developments affecting international standards relevant to money laundering and terrorism financing, and suggesting how to adopt these standards by virtue of a law, regulations or best practices. Strengthening communication amongst experts to exchange experiences and knowledge.
8. The committee may use the work of experts or specialized individuals who are non-members in the Association and who are competent, qualified, experienced and ethical to verify the compliance of the CPAs with the provisions of Law 44/2015 and all other implementation regulations relevant to it and already officially announced to the LACPA.

9. The committee members are bound to secrecy of deliberations and consultations.

Item 13: Assessment of Risks related to money-laundering and terrorism financing and classification of customers

The Certified Public Accountants shall take the appropriate steps, when preparing or carrying out on behalf of their customers any of the activities stated in item 4, to identify risks of money laundering and terrorism financing as well as understanding said risks and analyzing them, including customer risks, country or geographical area risks as well as products, services, transactions and service provision channels. Moreover, they shall implement all procedures that will mitigate these risks as well as monitor the risks and control them effectively, all while keeping records of the risk-assessment processes and providing the Association with a list of specified risks.

The customers are classified according to three levels of risks:

- **Low Risk**
- **Medium Risk**
- **High Risk**

1. **Customer Risk: Examples of high risk customer categories**
 - a. Non-resident customers.
 - b. Customers with cash-dependent professions (currency exchange, jewelry and gem trading, restaurants and night clubs, real-estate companies, auto dealers, consumer loans, non-bank financial institutions that transfer cash electronically...).
 - c. Customers who do not undertake transactions in person.
 - d. Customers working through intermediaries.
 - e. Customers who undertake transactions through credit agreements or trusts.
 - f. Customers nationals or residents of countries that:
 - **Do not fully or sufficiently implement the FATF recommendations**, such as: Gabon, Honduras, Liberia, Gambia, Ghana, Bahamas, Ivory

Coast, Cameron, Congo, Colombia, Djibouti, Ethiopia and Afghanistan.

- **Are known as Tax Heavens**, such as: Bermuda, Costa Rica, Cyprus, Fiji, Hong Kong, Jamaica, Monaco, Uruguay and Singapore.
- **Are on the Black List**, such as: Cuba, Iran, North Korea, Sudan, Ukraine and Burma.
- **Are on the UN Sanctioned List and thus prohibited to have transactions with**, such as: Congo, Ivory Coast, Eritrea, Liberia and Iraq.

g. Foreign or local Politically Exposed Persons (PEP): They are individuals who have been entrusted with a prominent public function, such as heads of states or governments, high-level politicians, high level government officials, senior judicial and military officials, senior executives in state-owned companies and senior officials of political parties.

The definition also includes individuals assigned with, in the present or the past, prominent tasks by an international organization, amongst whom members of the senior management; managers, deputy-managers, board members or equivalent positions. This definition also applies to family members of the aforementioned individuals, as well as close friends and business partners.

- h. Legal persons or legal arrangements such as Offshore companies and companies in countries known as tax heavens.
- i. Companies whose capital is fully or partially made up of bearer shares⁽⁵⁾.
- j. Non-profit Associations, especially those recently established, with no clear funding sources and programs.

Note: In addition to the due diligence procedures stated in item 6, the Certified Public Accountants shall also implement the Enhanced Due Diligence procedures (stated in item 7) for business relations with high-risk customers.

(5) The Lebanese Parliament adopted Law No 75 dated 27/10/2016 on cancelling bearer shares, where joint stock companies (including companies limited by shares) are prohibited to issue bearer shares and promissory notes after the application of the present law. Moreover, companies with shares that include bearer shares or promissory notes are obliged to exchange the bearer shares and promissory notes issued before the release date of the present law into registered shares within a period of one year as of the law enforcement date (3/11/2016). Also, companies must amend their bylaws within a maximum period ending at the first meeting of the shareholders' general assembly, to avoid imposed fines stated in the aforementioned law amounting to 50% of the capital.

2. Country Risks

- a. The importance and seriousness of laws on fighting money laundering and countering terrorism financing, and the effectiveness of monitoring and judicial bodies responsible for implementing the laws.
- b. The level of corruption and organized crime in the country.
- c. The presence of banking secrecy.

3. Service Risks

- a. Private Banking.
- b. Electronic Banking.
- c. Payable through accounts: Accounts that banks open with other banks under the disposal of their customers for direct use.

Item 14: Record-keeping

In accordance with Article 4, item 4 of Law 44/2015, the Certified Public Accountants shall:

1. Retain, for at least five years, copies of related documents of all domestic and international operations undertaken on behalf of the customers, and shall retain all records collected through the due diligence procedures, in addition to documents on accounts, business correspondences and results of any performed analysis. Transaction records need to be sufficient to allow a recreation of individual transactions, so as to provide, when necessary, allegations against the offense activity.
2. The certified public accountant, **after receiving the necessary permissions**, shall also make available, immediately, to the Lebanese Association of Certified Public Accountants, the Special Investigation **Commission** or the competent local authorities information collected through customer due diligence procedures.

Item 15: Final Provisions

The certified public accountants:

1. Shall not perform customer and beneficial right's owner identification and verification processes after entering into a business relation (identification and verification should be done before any business relation)
2. Shall implement the due diligence procedures stated in items 6, 7 and 8 on the basis of proportional importance and risks, taking into consideration the time at which the procedures were implemented and how sufficient the collected data are.
3. Shall implement the simplified due diligence procedures stated in item 8, only when convinced that risks of money laundering and terrorism financing are low.
4. Shall not depend on third-party entities to perform the due diligence procedures stated in items 6, 7 and 8.
5. Shall not continue with the implementation of due diligence procedures for fear of, understandably, tipping off the client. In this case, a suspicious transaction report annexed to the provisions of Article 7 of Law 44/2015, in accordance with item 4, shall be submitted.
6. Shall be alert to money laundering and terrorism financing risks that might arise due to the use of new techniques or new products, such as, credit cards with ATMs to repeatedly deposit cash amounts in accounts, to withdraw cash from regions in close proximity to conflict areas or to use all kinds of cards by third-party individuals.
7. Shall make arrangements to manage the compliance, including (where it applies) the appointment of an officer to verify the compliance with the procedures and obligations stated in this guide.
8. Shall put in place internal controls and procedures (where it applies) to guarantee the presence of high competence standards during the appointment of employees, as well as enrolling staff in a continuous training program.

Annexes



“Law No 44 of November 24, 2015 Fighting Money Laundering and Terrorist Financing”

Official Gazette: Issue No. 48 dated 26/11/2015

Single Article:

The draft law required by Decree No 8200 of May 24, 2012 (amending Law No 318 of April 20, 2001, on Fighting Money Laundering) is adopted, as amended by the subcommittee of the joint parliamentary committees and the Parliament.

This Law shall enter into force upon its publication in the Official Gazette.

The Law on Fighting Money Laundering and Terrorist Financing

Article 1:

For the purpose of this Law, illicit funds include assets, tangible and intangible, movable and immovable, including any legal documents or instruments evidencing title to, or interest in, such assets, resulting from the commission of, or the punishable attempted commission of, or the participation in any of the following offences, whether in Lebanon or abroad:

1. The growing, manufacturing, or illicit trafficking of narcotic drugs and/or psychotropic substances according to the Lebanese laws.
2. The participation in illegal associations with the intention of committing crimes and misdemeanors.
3. Terrorism, according to the provisions of Lebanese laws.
4. The financing of terrorism or terrorist acts and any other related activities (travel, organizing, training, recruiting...) or the financing of individuals or terrorist organizations, according to the provisions of Lebanese laws.
5. Illicit arms trafficking.
6. Kidnapping, using weapons or any other means.
7. Insider trading, breach of confidentiality, hindering of auctions, and illegal speculation.

8. Incitation to debauchery and offence against ethics and public decency by way of organized gangs.
9. Corruption, including bribery, trading in influence, embezzlement, abuse of functions, abuse of power, and illicit enrichment.
10. Theft, breach of trust, and embezzlement.
11. Fraud, including fraudulent bankruptcy.
12. The counterfeiting of public and private documents and instruments, including checks and credit cards of all types and the counterfeiting of money, stamps and stamped papers.
13. Smuggling, according to the provisions of the Customs Law.
14. The counterfeiting of goods and fraudulent trading in counterfeit goods.
15. Air and maritime piracy.
16. Trafficking in human beings and smuggling of migrants.
17. Sexual exploitation, including sexual exploitation of children.
18. Environmental crimes.
19. Extortion.
20. Murder.
21. Tax evasion, in accordance with the Lebanese laws.

Article 2:

Money laundering is any act committed with the purpose of:

1. Concealing the real source of illicit funds, or giving, by any means, a false justification regarding the said source, while being aware of the illicit nature of these funds.
2. Transferring or transporting funds, or substituting or investing the latter in purchasing movable or immovable assets or in carrying out financial transactions for the purpose of concealing or disguising the such funds' illicit source, or assisting a person involved in the commission of any of the offences mentioned in Article 1 to avoid prosecution, while being aware of the illicit nature of these funds.

Money laundering is a separate offence that does not necessitate a charge with the underlying predicate offence. Charging the offender with an underlying predicate offence shall not preclude the pursuing of any legal proceedings against the latter for a money laundering offence, in case of variation in the elements of the offences.

Article 3:

Whoever undertakes or attempts to undertake or incites or facilitates or intervenes or participates in:

1. Money-laundering operations shall be punishable by imprisonment for a period of three to seven years, and by a fine not exceeding twice the amount laundered.
2. Terrorist financing operations or any related activities, shall incur the penalties stipulated in Article 316 bis and Articles 212 to 222 of the Penal Code.

Article 4:

Banks, financial institutions, leasing companies, institutions that issue and promote credit or charge cards, institutions that perform money transfers electronically, exchange institutions, financial intermediation institutions, collective investments schemes, and any other institution requiring a license or supervised by Banque du Liban, must comply with the obligations specified below and with the regulations issued by Banque du Liban for the purpose of implementing the provisions of this Law:

1. To implement Customer Due Diligence measures on permanent customers (whether natural persons or legal persons or unique legal arrangements), in order to check their identity on the basis of reliable documents or information or data.
2. To implement Customer Due Diligence measures on transient customers to verify their identity, if the amount of a single operation or series of operations exceeds the threshold designated by Banque du Liban.
3. To determine the identity of the economic right owner and take the steps needed to verify this identity, on the basis of reliable documents or information or data.
4. To retain copies of related documents of all operations, and to retain information or data or copies of the customers' identification documents, for at least five years after performing the operations or ending the business relationship, whichever longer.
5. To continuously monitor and review the business relationship.
6. To apply the measures specified in Paragraphs 1 to 5 above to permanent and transient customers, whenever there are doubts regarding the accuracy or ad-

equacy of declared customer identification data, or whenever there is a suspicion of money laundering or terrorist financing, regardless of any thresholds or exemptions that limits the implementation of these measures.

7. To take into account the indicators that flag the likelihood of a money laundering or terrorist financing operation, as well as the due diligence principles to detect suspicious operations.

Article 5:

Institutions not subjected to the Banking Secrecy Law of September 3, 1956, particularly insurance companies, casinos, real estate dealers and agents, and merchants of valuables (jewelry, precious stones, gold, works of art, antiques), must keep records of operations that exceed the threshold designated by the "Special Investigation Commission" (hereinafter referred to "the Commission") that was established pursuant to Article 6 of this Law.

Such institutions must also comply with the obligations specified in Article 4 above and with the regulations and recommendations issued by "the Commission" for the purpose of implementing the provisions of this Law.

Certified accountants and notaries must implement these obligations, when preparing or carrying out on behalf of their customers any of the following activities:

- Buying and selling of real estate.
- Management of customers' movable and immovable assets, in particular transactions consisting of money accumulation and joint investment.
- Management of bank accounts and securities accounts.
- Organization of contributions for the establishment or management of companies.
- Establishment or management of legal persons or unique legal arrangements, and buying and selling of single person enterprise or companies.

The same obligations shall apply to lawyers when they carry out any of the above-mentioned activities. The implementation rules of these obligations shall be specified pursuant to a mechanism to be set by the Beirut Bar Association and the Tripoli Bar Association, taking into account the particularities and rules of the Legal Profession.

Article 6:

An independent, legal entity with judicial status shall be established at Banque du Liban,

referred to as "the Special Investigation Commission" or "the Commission", which shall discharge its functions without being subject to Banque du Liban's authority.

1. The "Special Investigation Commission" shall consist of:

- The Governor of Banque du Liban or, in case of impediment, one of the Vice-Governors he designates. **Chairman**
- The judge appointed to the Higher Banking Commission or, in case of impediment, an alternate judge appointed by the Higher Judicial Council for a period equal to the term of the initially appointed judge. **Member**
- The Chairman of the Banking Control Commission or, in case of impediment, a member of the latter designated by its Chairman. **Member**
- A principal member and an alternate member appointed by the Council of Ministers upon proposal of the Governor of Banque du Liban, provided each of them has an experience of at least 15 years in financial or banking law. **Member**

2. The mission of the "Special Investigation Commission" is:

- To receive suspicious transaction reports (STRs) and requests of assistance; to investigate operations that are suspected to be money-laundering or terrorist financing offences; to decide on the seriousness of evidence and circumstantial evidence related to the commission of any such offence(s); to take in this regard the adequate decision, particularly the precautionary and temporary freezing of the suspicious accounts and/or transactions, for a maximum period of one year renewable once for six months concerning foreign requests of assistance, and for a maximum period of six months renewable once for three months concerning local STRs and requests of assistance.
- To ensure compliance by the parties referred to in Articles 4 and 5 above with the obligations stipulated in this Law and in the regulations issued in relation thereto, except for lawyers, certified accountants and notaries, without prejudice to the provisions of Paragraph 2 of Article 17 of this Law.
- To collect and retain the information received from the parties referred to in Articles 4 and 5 above, as well as the information received from Lebanese and foreign official authorities, and all other collected information, and to share such information with the Commission's counterparts, in its capacity as the competent authority and the official center to undertake such a task.

- To issue regulations on the implementation of the provisions of this Law addressed to the parties referred to in Article 5 above, and to issue recommendations to all concerned parties.

3. After conducting the necessary audit and analysis, "the Commission" is the solely certified to decide:
 - To permanently freeze the concerned accounts and/or transactions, and/or to lift the banking secrecy in favor of the competent judicial authorities and the Higher Banking Commission represented by its Chairman on accounts or transactions suspected to be related to money laundering or terrorist financing.
 - To keep suspicious accounts as traceable accounts. "The Commission" may withdraw any of its decisions, in whole or in part, in case it obtains any new relevant information.
4. "The Commission" is entitled to:
 - a. Attach an encumbrance on the records and entries pertaining to movable or immovable assets, indicating that such assets are under investigation by "the Commission". The encumbrance shall be kept until doubts are erased or until a final decision in this regard is taken,
 - b. Request the Public Prosecutor of the Court of Cassation to take preventive measures concerning the movable and immovable assets that have no records or entries, so as to prevent the use of such assets until a final judicial decision in this regard is taken,

when there is a suspicion that these assets are related to money laundering or terrorist financing, and/or during the precautionary, temporary freezing of suspicious accounts and/or transactions, as specified in Paragraph 2 of this Article, and/or during the permanent freezing of these accounts and/or transactions, as specified in Paragraph 3 of this Article.

5. "The Commission" requires from concerned persons and parties, whether public or private, to take the necessary measures to prevent the use of movable or immovable assets belonging to any names designated or to be designated on the national lists issued by the competent Lebanese authorities or any other lists it circulates concerning terrorism and terrorist financing and any acts related thereto. The concerned persons and parties, whether public or private, must comply without any delay to this requirement.

6. "The Commission" shall meet, upon its Chairman's call, at least twice a month and when needed. The legal quorum requires the presence of three members at least.
7. "The Commission" shall take its decisions at a majority of the attending members. In case of a tie, the Chairman shall have a casting vote.
8. "The Commission" shall appoint a full-time Secretary General, who shall be responsible for the tasks assigned to him by "the Commission", for implementing its decisions and for directly supervising its regular and contractual staff and the persons delegated by "the Commission" for a specific mission. The provisions of the Banking Secrecy Law of September 3, 1956 shall not be opposed to any of them.
9. The members of "the Commission", its regular and contractual staff, as well as the persons delegated by "the Commission" for a specific mission, shall be bound by the obligation of confidentiality.
10. "The Commission" shall set its operating rules, as well as the internal rules governing its regular and contractual staff, who are subject to private law.
11. The expenses of "the Commission" and its ancillary bodies shall be borne by Banque du Liban as part of the budget prepared by "the Commission", provided the budget is approved by the Central Council of Banque du Liban.

Article 7:

The parties referred to in Articles 4 and 5 of this Law, including certified accountants and notaries, when preparing or carrying out on behalf of their customers any of the activities mentioned in Article 5 above must promptly report to the Chairman of "the Commission" the details of operations undertaken or attempted to be undertaken that are suspected to be related to money laundering or terrorist financing.

The same obligations shall apply to lawyers, according to a mechanism to be set by the Beirut Bar Association and the Tripoli Bar Association, taking into account the particularities and rules of the Legal Profession

The supervisors of the Banking Control Commission must, through the Chairman of the latter, report to the Chairman of "the Commission" any operations they suspect to be related to money laundering or terrorist financing and which they are aware of while performing their duties.

The auditors of the parties referred to in Article 4 above must promptly report to the

Chairman of "the Commission" the details of the operations they suspect to be concealing money-laundering or terrorist financing and which they are aware of in the course of performing their work.

Article 8:

1. "The Commission" shall convene after receiving information from the parties referred to in Article 7 above, or after receiving information from Lebanese or foreign official authorities.
2. After the assessment and analysis of the information relating to the case under examination, "the Commission" shall either decide to take notice, or conduct the required investigation, particularly by auditing the accounts or operations, or investigating the suspicious assets. "The Commission" shall conduct its investigations through a delegated person chosen amongst its members or its concerned officers, or through its Secretary General or an appointed auditor. All these persons shall perform their duties subject to confidentiality obligations, and without being opposed to the provisions of the Banking Secrecy Law of September 3, 1956.
3. Upon the completion of its audit and analysis, "the Commission" shall take its decisions in accordance with the provisions of Paragraphs 2, 3, and 4 of Article 6 of this Law.
4. If "the Commission" decides to lift the banking secrecy off the concerned accounts and/or to freeze them permanently and/or to request the maintain of the prohibition to dispose of the assets, it shall send a certified true copy of its decision to the Public Prosecutor of the Court of Cassation, the Higher Banking Commission through its Chairman, the concerned party, and the concerned local or foreign bodies, either directly or by the same means/ body through which the information was received.
5. In case the Public Prosecutor of the Court of Cassation decides to drop the case of money laundering and discontinue the proceedings, the frozen accounts and all other assets shall be deemed free. The decision to drop the case shall be notified to "the Commission", and the latter shall not be entitled to maintain the lifting of the banking secrecy, the freezing and the prohibition to dispose of the assets, and shall immediately notify the concerned banks and any other concerned parties thereof. However, if "the Commission" finds, before implementing the decision, any new evidence or circum-

stantial evidence that justifies the maintain of the freezing, of the prohibition to dispose of the assets, and of the lifting of the banking secrecy, then it must send a justified report, along with the documents containing such evidence or circumstantial evidence to the Public Prosecutor of the Court of Cassation who may decide, where applicable, to widen the investigation in light of the new information.

6. In case the Instruction Judge or the Chamber of Accusation issues a final decision dismissing any legal prosecution, as well as in the case of a final judgement or decision that ceases the legal proceedings or states the innocence of the holders of frozen accounts or assets not to be disposed of, these accounts and assets shall be deemed free, and a copy of the judgement or decision shall be notified to "the Commission" through the Public Prosecutor of the Court of Cassation. "The Commission" shall in turn notify the ruling or the decision to the concerned banks and other concerned parties. "The Commission" shall not be empowered to lift again the banking secrecy off the accounts or to reinstate the freezing decision and to prevent again the use of the accounts and assets, covered by the decision dismissing the legal prosecution, except through the mechanism stipulated in Article 127 of the Code of Criminal Procedures.

Article 9:

The Chairman of "the Commission" or any person delegated by the Chairman may directly communicate with any Lebanese or foreign authority (judicial, administrative, financial, or security) in order to request information or take cognizance of the details of previously conducted investigations that are linked or related to ongoing investigations by "the Commission". The concerned Lebanese authorities must promptly respond to this information request, and shall not be subject to any confidentiality obligation.

Article 10:

The Chairman of "the Commission" or any person delegated by the Chairman may directly request from the parties referred to in Articles 4 and 5 above to provide "the Commission" with all the documents and information needed to perform its duties. Such parties must respond to this request within a reasonable period of time.

Article 11:

Reporting entities, as well as their Board members, officers and employees, are prohibited from disclosing or insinuating to anyone that a suspicious transaction report or

other relevant information is submitted or intended to be submitted to "the Commission", or that "the Commission" is inquiring about customers or auditing their operations or accounts.

Article 12:

Within the scope of their work, the Chairman, members, staff and delegates of "the Commission", shall enjoy immunity. Thus, they may not be prosecuted or sued, neither collectively nor individually, for any civil or criminal liability related to the performance of their duties, including offences specified by the Banking Secrecy Law of September 3, 1956, except in case such secrecy is breached.

The parties referred to in Articles 4 and 5 above and their staff, as well as the supervisors of the Banking Control Commission and auditors, shall also enjoy the same immunity in performing their duties under the provisions of this Law or according to the decisions of "the Commission", particularly when they report in good faith to "the Commission" the details of operations they suspect to be related to money laundering or terrorist financing.

Article 13:

Any party that violates the provisions of Articles 4, 5, 7, 10, and 11 of this Law shall be punishable by imprisonment for a period of two months to one year and by a fine not exceeding one hundred million Lebanese pounds, or by either penalties.

"The Commission" may address a warning to the parties who are in violation of the provisions of the regulations issued for the purpose of implementing this Law, and may request from these parties periodic reports about the measures taken to rectify their situation. "The Commission" may as well, in case of violation, refer the parties mentioned in Article 4 to the Higher Banking Commission, and correspond with the supervisory or oversight authorities concerning the parties mentioned in Article 5.

The Higher Banking Commission may impose on the parties that were referred to it a fine for non-compliance with the regulations issued for the purpose of implementing this Law, provided this fine does not exceed two hundred times the official minimum wage. Fines shall be collected to the benefit of Banque du Liban.

The foregoing shall not preclude the enforcement of the administrative penalties stipulated in Article 208 of the Code of Money and Credit on the parties referred to in Article 4, nor shall it preclude the enforcement of the sanctions stipulated in all other laws and regulations on the parties referred to in article 5.

Article 14:

The movable or immovable assets that are proved, by a final Court ruling, to be related to, or derived from, a money-laundering or terrorist financing offence, shall be confiscated to the benefit of the State, unless the owners of the said assets prove in a Court of Law their legal rights thereupon.

The confiscated assets may be shared with other countries, whenever the confiscation results directly from coordinated investigations or cooperation between the concerned Lebanese authorities and the concerned foreign body(ies).

Article 15:

The reservations specified in Paragraphs 2, 3 and 4 of Article 1 of Law No 426 of May 15, 1995, on authorizing the ratification of the 1988 United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, are repealed, as well as the provisions of Article 132 of Law No 673 of March 16, 1998, on Narcotic Drugs and Psychotropic Substances.

Article 16

Upon the enactment of this Law, all provisions that are contrary to, or are in contradiction with the provisions of this Law, especially those specified in the Banking Secrecy Law of September 3, 1956, and those of Law No 673 of March 16, 1998, on Narcotic Drugs and Psychotropic Substances, shall cease to be applicable.

Article 17: (Final Provisions)

The auditors of banks, financial institutions and other companies and institutions specified in Article 4 of this Law must verify the compliance by all these companies and institutions with the provisions of this Law and with the implementation regulations issued in relation thereto, and must also notify the Chairman of "the Commission" of any violation thereof.

The Ministry of Justice, the Beirut Bar Association, the Tripoli Bar Association, and the Certified Accountants Association, shall be responsible for verifying the compliance by notaries, lawyers, and certified accountants, as far as each is concerned, with the measures stipulated in this Law and in the implementation regulations issued in relation thereto.

Article 18:

This Law shall enter into force upon its publication in the Official Gazette.

“Law No 55 of October 27, 2016
Exchange of Information for Tax Purposes”
Official Gazette No. 51 dated 27/10/2016

The Parliament has enacted,

And the Council of Ministers has published, pursuant to Article 62 of the Constitution, the following Law:

Unique Article:

First: The purpose of this Law is to:

- Implement and execute the provisions of any duly signed and ratified convention relating to the exchange of information for tax purposes.
- Commit, under any such convention, the exchange of requested information.

Second:

1. Unless otherwise stated in this law, the following terms shall mean:
 - a. **Convention:** any international treaty, convention or agreement stipulating the exchange of information for tax purposes, including the automatic exchange of information between Lebanon and any other foreign State;
 - b. **Automatic exchange of information:** providing, periodically and without prior request, previously specified information, about residents of a foreign State that have concluded a Convention with Lebanon;
 - c. **Competent Authority:** the Minister of Finance or a representative mandated by such Minister.
 - d. **The Competent Authority Agreement:** any bilateral or multilateral convention concluded between the Competent Authority and any foreign State, with the purpose to clarify or explain the provisions of a specific Convention or to facilitate the automatic exchange of information under any Convention;
 - e. **Information:** any data or record, in whatever form, that contains specific facts;

- f. **Request:** a request submitted to the Competent Authority in order to obtain information pursuant to a specific Convention;
- g. **Requesting State:** the State that submits a request to obtain information;
- h. **Person:** any individual, entity or other body established pursuant to the laws in force;

2. In case of divergence between the provisions of this Law or of any Convention with those of another law, the provisions of this Law and this Convention shall prevail.

Third:

In compliance with the provisions relating to the exchange of information under any convention, the Competent Authority shall use the powers stipulated in Articles 23, 44, 48, and 103 of the Tax Procedures Code to collect Information, even where the tax administration does not need such information for internal tax purposes.

Fourth:

- 1. The Competent Authority shall assist the Requesting State pursuant to the terms of the Convention. Where the Competent Authority finds, following the receipt of a Request, that the latter complies with the provisions of the Convention concluded with the concerned State, the Competent Authority shall then proceed with responding to the Request pursuant to the provisions of both the said Convention and this Law.
- 2. The Competent Authority may ask the Requesting State for additional information, where it deems this necessary in order to process the Request.
- 3. If the Competent Authority decides that the request is not in compliance with the provisions of the Convention concluded with the Requesting State, the Competent Authority shall then reject the Request and notify the Requesting State of such decision.

Fifth:

- 1. Where the requested Information is not covered by the Law on Banking Secrecy of September 3, 1956 or by Article 151 of the Code of Money and Credit, such Information shall be directly provided by the Competent Authority to the foreign Requesting State.
- 2. Where the requested Information is covered by the Law on Banking Secrecy

of September 3, 1956 or by Article 151 of the Code of Money and Credit, and where the Competent Authority finds that the Request complies with the provisions of the Convention concluded with the Requesting State, the Special Investigation Commission (SIC) established pursuant to Law No 44 of November 24, 2015 on Fighting Money Laundering and Terrorism Financing shall request the Information and provide them directly to the Competent Authority.

3. The Information specified in Paragraph (2) shall not be provided to the Requesting State unless the person whose information is being requested is notified thereof. The latter shall have the right to object the decision of the Competent Authority **before the State Council**, within 15 days of such notification pursuant to the notification provisions stipulated in the Tax Procedures Code.

The State Council shall issue, within maximum three months from the submission date of the aforesaid objection, a final and irrevocable decision regarding the merits of the legal conditions requiring the exchange of information.

At the expiry of such deadline, or if the State Council decides to provide the requested Information, the Competent Authority shall forward the requested Information to the Requesting State.

4. Notwithstanding the foregoing, if the Requests are of urgent nature or if notifying the person whose Information is being requested may compromise the investigation carried out by the Requesting State, the requested Information shall be provided to the Requesting State without giving prior notification to such person, in accordance with standards and procedures agreed upon between the two States to preserve the rights of all parties.

Sixth:

1. Banque du Liban and the SIC may ask financial institutions, during a specified time and according to a specific method in accordance with the provisions of this Law, to provide the requested Information in order for the Competent Authority to proceed with the automatic exchange of information, pursuant to any Convention or to the Competent Authority agreement. The Information shall be forwarded to the Competent Authority to enable it to perform its functions under the Convention.
2. The Minister of Finance or Banque du Liban may, each based on its prerogatives and pursuant to decisions issued thereafter, to determine:
 - a. The institutions required to provide Information;

- b. The Information to be exchanged and the method of exchange, including by electronic means.
- c. The accuracy and comprehensiveness of the Information to be provided.
- 3. The Council of Ministers shall, where necessary, issue decrees to take the measures needed to implement the provisions of this Law where this is not specified in Paragraph (2) above.
- 4. In case of breach or non-compliance with the provisions of this Article, a **fine ranging between one hundred million and two hundred million Lebanese pounds** shall be imposed, without prejudice to the right of the concerned regulatory authority to impose administrative sanctions and financial penalties in accordance to its own laws.

Seventh:

This Law shall apply to all Double Taxation Avoidance agreements currently in force.

Eighth:

The Government is authorized to ratify the "Multilateral Convention on Mutual Assistance in Tax Matters -MAC1, (which is attached hereto and may be amended from time to time), as well as the attached "Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information -MCAA).

The Minister of Finance is mandated to sign the above Convention and Agreement.

Ninth:

- 1. The provisions of this Law shall come into force, notwithstanding any confidentiality obligation or other restrictions on the disclose of information imposed by any other law.
- 2. Any Information exchanged pursuant to Paragraphs Fourth and Sixth with the Competent Authority, under any convention or under this Law, shall be dealt with as being confidential, pursuant to the provisions of Article 25 of the Tax Procedures Code.

Tenth:

The provisions of Law No 43 of November 24, 2015 (Exchange of Tax Information) shall be repealed.

Eleventh:

This Law shall come into force upon its publication in the Official Gazette and shall be expeditedly promulgated pursuant to Article 56 of Paragraph one of the Constitution.

Law n° 74 dated October 27, 2016
Defining tax obligations for individuals carrying
out trustee activities

Official Gazette No. 52 dated 3/11/2016

Unique article:

- 1- Every individual residing in Lebanon and carrying out professionally or not, a trustee activity for a foreign trust, regardless of its nature or type, shall apply for registration before the tax administration. He /She is bound to submit a declaration on the basis of real profits.
- 2- The individuals mentioned under the previous clause of the present article must declare on an annual basis the income realized from their activities and pay-as-you earn tax due in Lebanon on individuals carrying out business with them, in conformity with the provisions of laws in force.
- 3- These individuals must also keep accounting records, in conformity with what is determined by Tax Procedures Law, as well as relevant papers showing all information related to the people they are dealing with, and preserve these records and documents for a period of ten years.
- 4- Provisions appearing under this article do not interfere whatsoever with legal texts applied on banks and financial institutions that have been granted a license by the Central Bank of Lebanon.
- 5- In case the individuals mentioned in the present article breach the provisions of the present law, tax procedures law and tax laws, they shall be subject to fines as stipulated under Tax Procedures Law.
- 6- This Law is effective upon its publication in the Official Gazette.

**“Law No 75 of October 27, 2016
Cancelling Bearer Shares and Promissory Notes”**
Official Gazette No. 52 dated 3/11/2016

Unique article:

First:

Notwithstanding any other text, joint stock companies (including companies limited by shares) are prohibited to issue bearer shares and promissory notes after the entry into force of the present law.

Moreover, companies with shares that include bearer shares or promissory notes are obliged to exchange the bearer shares and promissory notes issued before the release date of the present law into registered shares, and that in compliance with the provisions of the third clause and within a period of one year as of the law enforcement date of the present law. Also, companies must amend their bylaws according to the above mentioned provisions, within a maximum period ending at the first meeting of the shareholders' general assembly.

Second:

1. Joint stock companies that previously issued bearer shares or promissory notes must inform holders of such shares, through publication in the Official Gazette and 3 daily newspapers, and on the company's internet site in case any, of the obligations stipulated under clause 1. These companies must also obtain from the owner of such shares the name of the person under which these exchanged shares must be registered as per the provisions of clause 1.
2. Companies not abiding by such notification obligations towards owners of bearer shares or promissory notes, as appearing under paragraph 1, shall be imposed a fine amounting to 50% of its capital.

Third:

1. Owners of bearer shares or promissory notes who did not exchange their

shares within the period of 1 year as of the law enforcement, are prohibited to exercise all their rights related to these shares and cannot be appointed as members of the Board of these companies, until these shares are substituted by registered shares.

2. After the one-year period as of law enforcement, as stipulated under paragraph 1 of the present clause of this article, the following provisions shall be applied:
 - a. The company shall be imposed to pay a fine amounting to 20% of its capital in case it settled dividends to any holder of such shares, and that for every violation committed and every settlement separately.
 - b. Decisions adopted in general assemblies are considered illegal if companies allowed owner of such shares to attend meetings or to be appointed as members of its Board or authorized them to participate in its liquidation process.
3. Transfer of ownership of bearer shares or promissory notes that have not been replaced by registered shares after two years of the enforcement of the present law, shall be assigned in the name of the Lebanese state.

Fourth:

Provisions of articles 90 and 91 of Income Tax Law shall be applied on dividends of bearer shares or promissory notes whose owners fail to show up for collection within the legal period stipulated under the two specified articles.

Fifth:

Minutes of law enforcement of the present law shall be set out whenever deemed necessary, by virtue of a decree adopted by the council of ministers in compliance with the proposal of the ministers of Justice, Labor, Economy and Trade.

Sixth:

This Law is effective upon its publication in the Official Gazette.

“Law No 160 of August 17, 2011
The Prohibition of Exploitation of Inside Non Public
Information when Trading in the Capital Markets”
Official Gazette No. 39 dated 25/8/2011

Article I:

For the purpose of ensuring strict implementation of the provisions of this decision, the terms hereunder shall have the meanings ascribed to them below:

- A. Inside Non Public Information: is the information that has the following characteristics:
 1. Relating to one or more financial instruments or to one or more issuers of financial instruments
 2. Has not been made public
 3. Of a precise and accurate nature; information shall be deemed to be of a precise nature if it indicates a set of circumstances which exist or may reasonably be expected to come into existence or an event which has occurred or may reasonably be expected to do so and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments. The information shall have a significant effect when, for example, it is considered relevant to a regular investor.

Inside information would include, but is not limited to, the following:

- Profit or loss.
- Mergers, acquisitions, tender offers, or joint ventures.
- Changes in the assets' value. - Innovative products, processes, or discoveries.

- New licenses, patents, registered trademarks, or regulatory approval / rejection of a product issued by any entity, authority or body.
- Developments regarding customers or suppliers (e.g., the acquisition or loss of a contract).
- Changes in management.
- Change in auditor notification or qualified opinion (external audit).
- Events regarding the issuer's securities (e.g., non-payment of debt securities, repurchase plans, stock splits, changes in dividends, changes to the rights of security holders, public or private sales of additional securities, changes in the estimation of the degree of solvency).
- Bankruptcy cases.
- Significant legal disputes.
- Orders for large trades before they are executed.

B. Financial Instruments: Would refer, inter alia, to any of the financial instruments listed below, or that may arise later, traded in organized financial markets in Lebanon.

1. Shares, dividends or debt securities issued by joint-stock companies or collective investment bodies.
2. Any certificates, instruments or bonds which revenues are linked to financial expenses resulting from commercial papers, securities, dividends or interest bonds.
3. Any compound, derivative, indicators related financial instruments, or resulting from any securitization type.
4. Any compound financial instruments or certificates that give the holders the right of underwriting, acquisition or abandonment of the financial products mentioned in clause (1).

C. Realized Profit: Realized gain or avoided loss

Article II:

It is forbidden to every person, natural or legal, as :

1. Chairman/member of the board of directors, director general, employee, auditor or commissioner of issuer, shareholder or shareowner, to use or exploit inside non public information by directly or indirectly acquiring/ attempting to acquire or disposing/ attempting to dispose of the securities related to this inside non public information, for their own account or for the account of a third party.
2. The above mentioned prohibition applies to any other person who, by virtue of his/her profession, work or mission had access, even haphazardly, to inside information.

Article III:

Persons referred to in Article II who have inside non public information are prohibited from :

1. Disclosing inside nonpublic information to any third party unless required as part of that insider's regular duties or professions.
2. Counseling or giving advice of any kind to a third party in relation to the acquisition or disposing of rights related to financial products.

Article IV:

The prohibition referred to in Articles II and III applies to any natural or legal person, other than the people mentioned above, who knew, or should have known, by virtue of his/her profession, his/her work or mission that the information he/she received was inside information. Article V: The provisions of this decision do not apply to:

1. Transactions by authorities or bodies legally authorized for purposes related to the country monetary policy, and public debt management; the provisions of this decision apply to any official in the authorities or bodies referred to above, in case of use of inside non public information for personal interest.
2. Transactions exclusively conducted in order to maintain the stability of financial instruments when issued for a period of time not exceeding two months.

Article VI:

Whoever violates the provisions of this law shall be sentenced to a term of imprisonment of one to three years and fined not less than twice and not more than ten times the realized gain.

The court may prohibit the violator temporarily or permanently from practicing a pro-

fession or work even if such a practice does not require a certificate or permission from the competent authorities.

Article VII:

In the absence of any contrary stipulation, the bodies and concerned authorities regulate, control and supervise the organized financial markets by pursuing violators of this law in front of competent courts.

Article VIII:

The sanctions stipulated by Law No. 160 Dated 17/8/2011 on the prohibition of exploitation of inside non public information while trading in the capital markets does not preclude administrative penalties, in accordance with the laws and regulations in force.

Article IX:

This decision shall enter into force on the day of its publication in the Official Gazette.

Law No 77 of November 10, 2016
Amending Article 316 bis of Penal Law
Official Gazette No. 52 dated 3/11/2016

Unique article:

Article 316 bis of Lebanese penal law, concerning financing of terrorism is amended, and therefore becomes as per the Arab Convention on the Suppression of Terrorism, signed in Cairo on 22/4/1998, and concluded by virtue of law number 57 dated 31/3/1999, as follows:

Amended article 316 bis:

Any person carrying out or trying to carry out or participate, willingly and by any means, directly or indirectly, in the total or partial financing or participation in the financing of terrorism or terrorist acts, or financing individual terrorists or terrorist organizations, or activity related to it, including offering, or providing or collecting the movable or immovable money, from legal or illegal sources, in Lebanon or abroad, whether the money were used or not, and whether the terrorist act was carried out or not, in Lebanon or abroad.

Financing terrorist crimes include travelling, attempt to travel, recruitment, planning, preparation, organizing, facilitating, participating, offering training or being trained, and any other related duties aiming to carry out terrorist acts, without those activities being linked to a specific terrorist act.

Any individual undertaking such acts shall be punished with temporary hard work for a minimum period of three years and not exceeding seven years, and a fine similar to the amount paid and not exceeding three times the amount, without hindering the application of sanctions stipulated in articles 212 until 222 inclusive of the Penal Law.

This Law is effective upon its publication in the Official Gazette.

Law No 106 of November 30, 2018
Amending certain provisions of Law No. 44
of 11/11/2008 (Law on Tax Procedures)
Official Gazette: Issue No. 52 dated 6/12/2018

First: Paragraph 12 shall be added to Article one of the Tax Procedures Law No. 44 dated 11/11/2008 and the amendments thereof to read as follows:

12. The Beneficial Owner “is any natural person, regardless of their place of residence, who ultimately effectively owns or controls, directly or indirectly, the activities of any other natural or legal person on the Lebanese territories.

Shall be considered as cases of acquisition and/or indirect control, the cases where ownership and/or control is conducted through sequential acquisitions or other series of indirect means of control.

Second: Paragraph 1 of article 23 of the Tax Procedures Law No. 44 dated 11/11/2008 and the amendments thereof shall be amended to read as follows:

“1. While observing the provisions of the Law issued on 03/09/1956, relevant to banking secrecy, every person, including State administrations, public institutions, municipalities and all Union of Municipalities, as well as various bodies in the private sector and trade unions, must cooperate with the tax authorities and provide them with the information requested by them in order to carry out their duties; and no party may invoke the secret of the profession to prevent the personnel of the tax administration from perusing the records and accounting documents that allow verification of the compliance of taxpayers or which allow them to respond to requests for information received by the tax administration by virtue of the agreements for avoidance of double taxation”.

Third: Paragraph 10 shall be added to article 29 of the Tax Procedures Law No. 44 dated 11/11/2008 and the amendments thereof to read as follows:

10. All taxpayers stated in clauses 1 – 2 – 3 of the present article must keep a daily record

of beneficial rights' owners including: full name, nationality, date of birth, residence address, mailing address, ID number or passport for Lebanese, passport number for foreigners, tax residence, tax number, dividends.

Such taxpayers must also keep documents that state how the ownership by the legal person is structured and/or controlled, as well as all information and documents relating to the beneficial right's owner for ten years, even after the person has lost the capacity of "beneficial right's owner" or even after they have suspended their work.

Modules for implementing the present clause shall be determined by virtue of a decision issued by the Minister of Finance.

Fourth: Paragraph 32 of the Tax Procedures Law No. 44 dated 11/11/2008 and the amendments thereof shall be amended to read as follows:

1. While observing provisions of the special laws, any person who initiates a taxable work must notify the tax administration of such by virtue of a registration application submitted thereto within two months from the date of initiation of the work; they must also determine the owner of the beneficial right in their activity.

Any person who fulfills the conditions of compulsory submission of VAT must apply for registration in the value added tax within two months after the end of the semester in which the conditions for submission of such tax were fulfilled.

Each employer must submit a registration application for their personnel members, within three months from the date the worker/employee initiated the work.

The criteria and procedures for registration shall be determined by virtue of a decision of the Minister of Finance.

2.
 - a. Every resident legal person registered before the tax administration must inform such administration annually, within the period of the annual declaration, of any change relevant to:
 1. Their name, address, business center, commercial fame or the type of his main activity.
 2. The legal form under which the activity is carried out.

3. Any modification to the capital in terms of reduction or increase.
4. Any change in the names of shareholders, partners or holders of beneficial rights, or any change in the proportion of their contribution or participation.

Every foreign company operating in Lebanon shall inform the tax administration annually, within the annual declaration period, of any change on the information referred to in items 1 and 2 of paragraph a. of this clause.

- b. Any natural person residing in Lebanon registered before the tax administration must inform the administration within two months of any change concerning their trade name, address, and business center, type of main activity or beneficial right owner in their activity.

Fifth: Paragraph C of the article 37 of the Tax Procedures Law No. 44 dated 11/11/2008 and the amendments thereof shall be amended. Paragraph (f) shall be added to this article whereas the article reads as follows:

“While observing the provisions of the tax laws, the taxpayer shall in particular:

- a. Keep records and accounting documents.
- b. Settle taxes and fees and submitting declarations within their set deadlines.
- c. Implement the requests of the tax administration in the framework of its duties, in particular by depositing thereto information about their activities or persons dealing with them and the owners of beneficial rights in their activity, subject to the provisions of the Bank Secrecy and Professional Confidentiality.
- d. Facilitate the task of competent officials for tax auditing.
- e. Inform the tax administration, by virtue of a written letter, when the partner or shareholder refrains from giving information about the beneficial rights' owners in their activity within the period of the annual declaration and explain all the measures taken by the taxpayer to obtain such information.

Sixth: Paragraph 2 of the article 44 of the Tax Procedures Law No. 44 dated 11/11/2008 shall be amended to read as follows:

2. Personnel members of the competent tax administration shall be entitled, within the framework of the audit process, to peruse all elements of the tax

proposal, the identity of the beneficial rights' owners benefiting from such elements, as well as the records and accounting documents relevant to the taxpayer or any other person related thereto; they must also take the necessary action for imposing tax whenever information indicating the existence of beneficial rights' owners are available.

Personnel members of the competent tax administration shall also be entitled to access the workplace of the taxpayer or the premises where records and accounting documents are kept, provided that such is performed in coordination with the taxpayer.

If the taxpayer rejects the above requests of the tax administration, the provisions of paragraph (6) of Article 42 shall apply.

Seventh: Paragraph 1 of the article 48 of the Tax Procedures Law No. 44 dated 11/11/2008 shall be amended to read as follows:

1. The tax administration shall be entitled, in order to perform the auditing process, to request in writing, within the framework of the enforced laws and regulations, from any person having information which are useful to verify the validity of the tax imposed to any taxpayer and the identification of the beneficial owner, to deliver the determined information within a time limit set by the administration.

Eighth: Paragraph 1 of the article 107 of the Tax Procedures Law No. 44 dated 11/11/2008 and its amendments shall be amended to read as follows:

1. Any person who has not submitted an application for registration before the tax administration, and has not identified the beneficial right's owner within their activity, as provided for in paragraph 1 of Article 32 of the present law or in the tax laws, shall be subject to a fine amounting to:
 - 2,000,000 LBP (Two million Lebanese Pounds) for joint stock companies,
 - 1,000,000 LBP (One million Lebanese Pounds) for partnerships, limited liability companies and tax exempt institutions,
 - 300,000 LBP (Three hundred thousand Lebanese Pounds) for individuals and the remaining taxpayers.

Ninth: Shall be added to the Tax Procedures Law No. 44 dated 11/11/2008 and the amendments thereof, article 117 bis, which reads as follows

1. Any shareholder or owner of parts in a stock company who refrains from providing correct information about the holder of the beneficial right's owner as per their contribution or share in the company shall be subject to a fine equivalent to 100% of their share of the tax computed based on the sum of the collection of the commercial profits tax amount due on the company, and the tax on distributions, in the year in which the offense was committed, provided that it is not less than the minimum specified in the present law according to its legal form.
2. In the event the partner in partnerships or owner of the individual institution or the profession refrained from providing information on the beneficial right's owner in their partnership, a fine equal to 100% of the tax value due on their share shall be imposed, provided that it is not less than the minimum specified in the present law according to its legal form.
3. Any person who fails to disclose information relevant to the beneficial right's owner when filling out the declarations and the data to be submitted according to the provisions of the present law and the special tax laws, or refrains from informing the tax administration about the refrainment of the partner or the shareholder from providing them with information about the beneficial rights' owners in their activity referred to in clause (f) of Article 37 of this Law, a fine is broken according to the following:
 - 2,000,000 LBP (Two million Lebanese Pounds) for joint stock companies,
 - 1,000,000 LBP (One million Lebanese Pounds) for partnerships, limited liability companies and tax exempt institutions,
 - 500,000 LBP (Five hundred thousand Lebanese Pounds) for individuals and the remaining taxpayers.

Tenth: The present law shall be enforced immediately upon its publication in the Official Gazette.

Form No 2 on Reporting a Suspicious Transaction issued by the Special Investigation Commission

To be filled out by the SIC

Receipt Number:

Receipt Date:

Date: _____

Suspicious Transaction Notification

Attention of: Chair of the Special Investigation Commission

Office of the Chair

Beirut – Lebanon

1- Name of person (if an individual):

Phone number:

Address:

2- Name of company:

Name of chairperson (board of directors) / General Manager, Company Director, Authorized Signatory:

Names and functions of signatories of the notification:

Name: Function:

Name: Function:

Type of activity of the reporting entity (party):

- Insurance companies
- Merchants of jewelry / works of art or antiques
- Real estate dealers/agents
- Certified accountant / Authorized Controller
- Notaries
- Casino du Liban
- Other activities (clarification of the type of the other activity)

Phone Number: -----

Address: -----

General Information on the suspicious person or company

Name (person or company):

Date of Birth/Establishment:

Gender: Male Female

Nationality:

Resident / Non-resident:

Scope of work (domestic / international)

Type of company:

- Stock Company
- Limited Liability Company
- General Partnership Company
- Company in commendams
- Companies limited by shares
- One-man company
- Others (please specify) _____

ID number / Commercial Register number:

Address:

Governorate _____ Casa _____ Area _____

Neighborhood _____ Street _____ Building _____

Phone number _____

Nature of professional or commercial activity: _____

Name or names of the general directors and senior management officials: _____

Name of shareholders: _____

Beneficial Right's Owner: _____

Type of offence:

- Drugs or psychotropic substances (their growing, manufacturing, or illicit trafficking)
- The participation in illegal associations with the intention of committing crimes and misdemeanors.
- Terrorism, according to the provisions of Lebanese laws.
- The financing of terrorism or terrorist acts and any other related activities (travel, organizing, training, recruiting...) or the financing of individuals or terrorist organizations, according to the provisions of Lebanese laws.
- Illicit arms trafficking.
- Kidnapping, using weapons or any other means.
- Insider trading, breach of confidentiality, hindering of auctions, and illegal speculation.
- Incitation to debauchery and offence against ethics and public decency by way of organized gangs.
- Corruption, including bribery, trading in influence, embezzlement, abuse of functions, abuse of power, and illicit enrichment.
- Theft, breach of trust, and embezzlement.
- Fraud, including fraudulent bankruptcy.
- The counterfeiting of public and private documents and instruments, including checks and credit cards of all types and the counterfeiting of money, stamps and stamped papers.
- Smuggling, according to the provisions of the Customs Law.
- The counterfeiting of goods and fraudulent trading in counterfeit goods.
- Air and maritime piracy.
- Trafficking in human beings and smuggling of migrants.
- Sexual exploitation, including sexual exploitation of children.
- Environmental crimes.
- Extortion.
- Murder.
- Tax evasion, in accordance with the Lebanese laws.
- Other Offences.
- Difficult to classify.

General Information on the suspicious transaction and accounts

1. Insurance

Date of transaction:

Status of transaction: undertaken attempt to undertake

Value of transaction:

Value of policy or policies issued:

Name of broker:

Type of insurance:

Nature of transaction: payment in cash Credit card Bank transfer
 Cheques Others (please specify)

In case payment is by bank transfer:

Name of Sending Bank:

Name of Sender:

Name of Beneficiary Bank:

Name of Customer and Beneficiary:

A brief description of the suspicious transaction (With identification documents and a clarification letter if needed)

2. Merchants of Jewelry/Works of Art or Antiques

Date of transaction:

Status of transaction: undertaken attempt to undertake

Value of transaction:

Nature of transaction: Jewelry gold precious gems
 works of art antiques

Market value of transaction:

Method of payment: payment in cash Credit card Bank transfer
 Cheques Others (please specify)

In case payment is by credit card or wire transfer:

Name of Sending Bank:

Name of Sender:

Name of Beneficiary Bank:

Name of Customer and Beneficiary:

A brief description of the suspicious transaction (With identification documents and a clarification letter if needed)

3. **Trader / Real Estate Broker**

Date of transaction:

Status of transaction: undertaken attempt to undertake

Value of sold/purchased real estate:

Real estate number and real estate area:

Address:

Governorate:

Casa:

Area:

Neighborhood:

Street:

Method of payment: payment in cash Credit card Bank transfer
 Cheques Others (please specify)

In case payment is by bank transfer:

Name of Sending Bank:

Name of Sender:

Name of Beneficiary Bank:

Name of Customer and Beneficiary:

A brief description of the suspicious transaction (With identification documents and a clarification letter if needed)

4. CPA / Authorized Controller

Date of Transaction:

Status of transaction: undertaken attempt to undertake

Value of transaction:

A brief description of the suspicious transaction (With identification documents and a clarification letter if needed)

5. Notaries

Date of transaction:

Status of transaction: undertaken attempt to undertake

Value of transaction:

A brief description of the suspicious transaction (With identification documents and a clarification letter if needed)

6. **Other activities**

Date of transaction:

Status of transaction: undertaken attempt to undertake

Value of transaction:

A brief description of the suspicious transaction (With identification documents and a clarification letter if needed)

Signature of person submitting notification

Date: _____

To be filled out by the SIC

Receipt Number:

Receipt Date:

Attention of: Special Investigation Commission

Office of the Chair of SIC

Beirut – Lebanon

Suspicious Transaction Notification

Petitioner: Casino du Liban (SAL)

Names of signatories of the notification:

Name: _____ Function: _____

Name: _____ Function: _____

General Information on the petitioned person

Name:

Date of Birth:

Gender: Male Female

Nationality:

Profession:

Status of Residency: Resident Non-resident

Address: Governorate _____ Casa _____ Area/City _____

Neighborhood _____ Street _____ Building _____

Phone number _____

Dates of deposits	Deposited amounts		Recovered chips	
	Cash	Cheque	Cash	Cheque
.....
.....
.....
.....
.....
.....
.....

Form on Electronic Suspicious Transaction Report issued by the Special Investigation Commission

Reference:	Reasonable efforts must be made to get and fill out the requested information.																			
Date: DD / MM / YYYY																				
PART I Reporting Entity Information																				
1-a Name of reporting entity b Type of reporting entity																				
2 Name of person completing this report		3 Job Title																		
4 Phone Number		5 E-mail																		
6 Name of the Head of AML Compliance Unit approving this report																				
7 Phone Number		8 E-mail																		
PART II Information on the Reported Natural Person																				
9 Last Name		10 First Name																		
11 Father's Name		12 Mother's Full Name																		
13-a Specify If known by another name 13-b Full name in Arabic characters (as per ID)																				
14 Date & Place of birth <u>DD</u> / <u>MM</u> / <u>YYYY</u>		15 Gender <input type="checkbox"/> Male <input type="checkbox"/> Female																		
16 Marital status <input type="checkbox"/> Single <input type="checkbox"/> Married Name of Spouse : Last Name _____ First name _____																				
17 Type of Identification Form: <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;"><input type="checkbox"/> ID</td> <td style="width: 25%; text-align: center;"><input type="checkbox"/> Passport</td> <td style="width: 25%; text-align: center;"><input type="checkbox"/> Extract of civil status</td> </tr> <tr> <td>ID Number</td> <td>Passport no.</td> <td>Register number</td> </tr> <tr> <td>Register no.</td> <td>Issuing Authority</td> <td>Register place</td> </tr> <tr> <td>Register place</td> <td>Expiry date DD/ MM / YYYY</td> <td>Nationality</td> </tr> <tr> <td>Nationality</td> <td colspan="2"></td> </tr> <tr> <td><input type="checkbox"/> Other</td> <td colspan="2"></td> </tr> </table>			<input type="checkbox"/> ID	<input type="checkbox"/> Passport	<input type="checkbox"/> Extract of civil status	ID Number	Passport no.	Register number	Register no.	Issuing Authority	Register place	Register place	Expiry date DD/ MM / YYYY	Nationality	Nationality			<input type="checkbox"/> Other		
<input type="checkbox"/> ID	<input type="checkbox"/> Passport	<input type="checkbox"/> Extract of civil status																		
ID Number	Passport no.	Register number																		
Register no.	Issuing Authority	Register place																		
Register place	Expiry date DD/ MM / YYYY	Nationality																		
Nationality																				
<input type="checkbox"/> Other																				
18 Other Nationalities 1 _____ 2 _____																				
19 Resident in Lebanon <input type="checkbox"/> Yes <input type="checkbox"/> No																				
20 Residential address in Lebanon (1) _____ (2) _____		21 Phone Number in Lebanon (1) _____ (2) _____																		
22 Residential address Overseas (1) _____ (2) _____		23 Phone Number Overseas (1) _____ (2) _____																		

24 Self Employed <input type="checkbox"/> Yes <input type="checkbox"/> No	
25 Current Profession	26 Name of Employer
27 Last Profession for retired	
28 Business Address	29 Phone Number
30 Financial status	31 Source of funds
32 Purpose of the relationship with the reporting entity	
33 Is the natural person subject this report affiliated with your entity? a- <input type="checkbox"/> yes b- <input type="checkbox"/> No	
If "yes" fill fields 34 and 35	
34-a Specify last position if employed by your entity a- <input type="checkbox"/> Compliance Unit employee b- <input type="checkbox"/> Internal Audit employee c- <input type="checkbox"/> Transfer Section employee d- <input type="checkbox"/> Cashier	e- <input type="checkbox"/> Check Section employee f- <input type="checkbox"/> Branch Manager g- <input type="checkbox"/> Senior Manager h- <input type="checkbox"/> Other _____
34-b Specify type of relationship if not employed by your entity a- <input type="checkbox"/> Board Member b- <input type="checkbox"/> Major Shareholder c- <input type="checkbox"/> Attorney d- <input type="checkbox"/> Other _____	
35-a Provide the current status for the natural person mentioned in field 34: <input type="checkbox"/> Still employed/related <input type="checkbox"/> Suspended	<input type="checkbox"/> Terminated <input type="checkbox"/> Resigned
35-b Date of suspension, Termination, Resignation DD / MM / YYYY	
PART III Information on the Reported Legal Person	
36 Name of Legal person	
37-a Type of Legal Person <input type="checkbox"/> Private Company (Specify If SAL, SARL, Sole Proprietorship, Offshore, etc....)	<input type="checkbox"/> Listed Company <input type="checkbox"/> Non-Government Organization (NGO) <input type="checkbox"/> Non-Profit Organization/ Charities <input type="checkbox"/> Government agency <input type="checkbox"/> Other _____
37-b Is the legal person subject of this report related to another legal person? a- <input type="checkbox"/> Yes b- <input type="checkbox"/> No Specify the name of the related legal person and the type of relationship (Affiliate, subsidiary, holding, etc.)	
38 Is the legal person subject of this report related to the reporting entity? a- <input type="checkbox"/> Yes b- <input type="checkbox"/> No If "yes", specify the nature of relationship a- <input type="checkbox"/> Subsidiary b- <input type="checkbox"/> Affiliate c- <input type="checkbox"/> Other Relationship _____	
39 Country of incorporation	40 Registration Place
41 Registration number	42 Registration Date DD / MM / YYYY
43 Address	
44 Phone Number	
45 Name of Director(s)	
46 Name of Authorized Signatory(ies)	
47-a Name of controlling shareholder / % of shares _____	47-b Names of main shareholders / % of shares _____ (E.g.:Main shareholders own 25% or more of shares in the company)
48 Name of Beneficial Right's Owner(s)	49 Name of legal representative(s)
50 Financial status (sales, profits,.....)	51 Source of funds
52 Expected Annual account turnover	53 Detailed activity
54 Purpose of the relationship with the reporting entity	

PART IV**Additional Customer Due Diligence Measures****55** Were the following action(s) performed?Yes No

1- Clarification from the customer was obtained?
 2- Documents justifying the operation were obtained?
 3- A field-visit to the customer's work site took place?

Date of field- visit: DD / MM / YYYY

Add attachments (customer written statement, supporting document, reports, etc...)

PART V**Information on the Reported Account****56** Account number**57** Specify the branch name where the account was opened**58** Account status a- Still open b- Closed c- Not opened d- Traceable**59** Date of opening the account DD / MM / YYYY**60** Date of closing the account DD / MM / YYYY**61** Current Consolidated balance of the account in LBP**62** Name of Proxy holder(s)**63** Name of Beneficial Right's Owner(s) (as per KYC Form):

Same as accountholder
 Other (specify) _____

64 Name of Authorized Signatory(ies):

Same as accountholder
 Other (specify) _____

65 Nature of the relationship with the reporting entity**PART VI****Reported Account Activity****66** Range of reported account activity

From MM / DD / YYYY To MM / DD / YYYY

67 Approximate total amount of reported funds by type of transactions in LBP

	Cash	Transfers	Checks	Other	Total
Received					
Withdrawn					

Excel sheet must be attached with full details as per SIC Circular 11

PART VII**Reported Transaction****68** Transaction Date & Status DD / MM / YYYYExecuted Attempted **69** Approximate amount of the reported transaction

Received _____ LBP

Withdrawn _____ LBP

70 Type of the reported transaction

<input type="checkbox"/> Cash	<input type="checkbox"/> Securities
<input type="checkbox"/> Wire transfer via SWIFT	<input type="checkbox"/> Transfer of ownership of a financial instrument portfolio
<input type="checkbox"/> Check	<input type="checkbox"/> Currency exchange
<input type="checkbox"/> Hawala	<input type="checkbox"/> Purchase/sale of precious metals
<input type="checkbox"/> Money remittance	<input type="checkbox"/> Transaction at a specialized lending entity (comptoir)
<input type="checkbox"/> Credit card	<input type="checkbox"/> Other

Relevant copies of checks, transfers and CTS must be attached

PART VIII-A

Indicators of Suspicion

71 Check one or more of the below indicators

<input type="checkbox"/> Exchange of big amounts of small denomination bills for large denomination bills (refining) of the same currency or of any other currency	<input type="checkbox"/> Receiving or cashing checks to the bearer issued abroad, or drawn to the order of a person but previously endorsed by persons other than the depositor; or receiving or cashing checks of different amounts that may be unrelated to commercial operations or are alleged to be resulting from gambling
<input type="checkbox"/> Large or recurrent foreign exchange operations (cambio), by using cash funds	<input type="checkbox"/> Cash deposits and/or bank transfers followed by direct and numerous withdrawals
<input type="checkbox"/> Certain movements in the customer's account such as making large or recurrent deposits unjustified by the customer's apparent activities	<input type="checkbox"/> The holding by the customer of several accounts unjustified by the nature of his activities, or the undertaking of numerous cash transfers between and through these accounts
<input type="checkbox"/> The operation of an account for the main purpose of transferring abroad, or receiving from abroad, sizeable amounts of money, when such operations are unjustified by the customer's activities	<input type="checkbox"/> The occurrence of cash deposits and/or bank transfers, while the customer's activities do not generate such a volume of funds
<input type="checkbox"/> Large or recurrent operations related to the customer's offshore activities, and which appear to be inconsistent with the volume of the customer's activities	<input type="checkbox"/> Depositing bank /Traveler's checks in the account of a company/institution whose activities do not justify such deposits
<input type="checkbox"/> The replacement of large cash amounts by electronic transfer requests or by bank checks	<input type="checkbox"/> Cash operations and/or bank transfers that appear to be unusual, considering the location of the branch
<input type="checkbox"/> Change in the pattern of deposit operations made by a customer exempted from filling the cash transaction slip (CTS)	<input type="checkbox"/> E-banking operations that appear unusual
<input type="checkbox"/> The undertaking by a customer of large cash operations in the form of deposits and withdrawals, with insufficient personal identification	<input type="checkbox"/> Transfers between the accounts of an exchange institution and other accounts, particularly those held by any other institution's owners, partners, shareholders, directors or authorized signatories or any of the family members of these persons (spouse, ascendants, descendants), especially if the transfers are followed by withdrawals
<input type="checkbox"/> Other _____	

PART VIII-B

Predicate offences as per AML/CFT Law

72 Provide the most likely offense to which the suspicious activity relates

Money Laundering Terrorism / Financing of Terrorism

73 Specify the predicate offence to which the suspicious activity relates:

- a- Narcotics or psychotropic substances (growing, manufacturing, illicit trading)
- b- The participation in illegal associations with the intention of committing crimes and misdemeanors
- c- Terrorism, according to the provisions of Lebanese Laws
- d- The financing of terrorism or terrorist acts and any other related activities (travel, organizing, training, recruiting...) or the financing of individuals or terrorist organizations, according to the provisions of Lebanese laws
- e- Illicit arms trafficking
- f- Kidnapping, using weapons or any other means
- g- Insider trading, breach of confidentiality, hindering of auctions, and illegal speculation

74 Is the reason for reporting connected to information obtained from open sources or databases?

a- Yes b- No

If "yes" specify the source _____

<p>h- <input type="checkbox"/> Incitation to debauchery and offence against ethics and public decency by way of organized gangs</p> <p>i- <input type="checkbox"/> Corruption, including bribery, trading in influence, embezzlement, abuse of functions, abuse of power, and illicit enrichment</p> <p>j- <input type="checkbox"/> Theft, breach of trust, and embezzlement</p> <p>k- <input type="checkbox"/> Fraud, including fraudulent bankruptcy</p> <p>l- <input type="checkbox"/> The counterfeiting of public and private documents and instruments, including checks and credit cards of all types and the counterfeiting of money, stamps and stamped papers</p> <p>m- <input type="checkbox"/> Smuggling, according to the provisions of the Customs Law</p> <p>n- <input type="checkbox"/> The counterfeiting of goods and fraudulent trading in counterfeit goods</p> <p>o- <input type="checkbox"/> Air and maritime piracy</p> <p>p- <input type="checkbox"/> Trafficking in human beings and smuggling of migrants</p> <p>q- <input type="checkbox"/> Sexual exploitation, including sexual exploitation of children</p> <p>r- <input type="checkbox"/> Environmental crimes</p> <p>s- <input type="checkbox"/> Extortion</p> <p>t- <input type="checkbox"/> Murder</p> <p>u- <input type="checkbox"/> Tax evasion, in accordance with the Lebanese Laws</p> <p>v- <input type="checkbox"/> Other _____</p> <p>w- <input type="checkbox"/> Unspecified</p>	
---	--

75 Suspected illicit proceed generated: Locally Abroad _____

PART IX Suspicious Transaction Report Description

76

1- Provide details of the nature and circumstances surrounding this suspicious transaction report, including transfer / transaction details & customer / beneficiary information

2- In the presence of forged checks or returned transfers as set out in article 5 of BDL basic circular 83 and its amendments, indicate the legal measures taken:

Note: Applicable fields in Part II must be filled for numbers 45, 46, 47, 48, 49, 62, 63 and 64.

Circular No 10 of July 9, 2009 related to the Traceable Accounts issued by the Special Investigation Commission

Addressed to Banks

With reference to SIC Decisions, notably those relating to traceable accounts, and in order to avoid any confusion and facilitate the SIC mission in tracking the movement of accounts suspected of concealing money laundering and terrorism financing, all banks must, regarding accounts classified as traceable by an SIC decision, comply with the following:

1. Concerning checks

- To prohibit the payment in cash of a check or a payment order drawn on a traceable account, whether the beneficiary of the check or payment order is the holder of the said account or a third party.
- To prohibit the payment of a check or a payment order drawn on the traceable account to any party other than the first beneficiary, on condition that the check is crossed.
- To prohibit the issuance of a cashier's check drawn on the traceable account to the benefit of the account's holder or any third party, unless the check is crossed and includes the expression "payable only to the first beneficiary".

2. Concerning credit and debit cards

To limit to points of sale the use of credit and/or debit cards issued in relation with the traceable account, and to prohibit their use on ATMs.

3. Concerning cashier's counters

To prohibit the holder of the traceable account from withdrawing directly any amount on the cashier's counter of the bank where the said account is held.

Riad Toufic Salameh

Circular No 24 of November 24, 2015 related to the Beneficiary Right Owner issued by the Special Investigation Commission

Defining and Determining the “Beneficial Owner”

Pursuant to Law No. 44 dated 24/11/2015 (on Anti Money Laundering and Terrorism Financing AML/CFT), in particular Articles 5 and 6 thereof,

Whereas the parties and persons referred to in Article 5 of Law No. 44, including insurance companies, incur the responsibility of complying with the obligations stipulated in Article 4 thereof as well as the regulatory texts and recommendations issued by the Authority for the purpose of implementing its provisions,

Pursuant to the recommendations of the Financial Action Task Force (FATF),

And the relevant explanatory circulars,

Pursuant to the decision of the Special Investigation Commission taken in its meeting on June 14th 2018

Decides the following:

Article One:

The expressions hereunder shall refer to the following:

1. Client: any natural or legal person, whether a company or institution of any kind or any legal arrangement, such as trust, body, organization or non-profit association (mutual funds, cooperatives, social care homes, charities, clubs, etc...).
2. Beneficial Owner: Any natural person who actually owns or controls, ultimately, directly or indirectly, the “client” and/or the natural person on behalf of whom the transactions are being conducted.

Shall be considered, as cases of indirect acquisition, and/or control any cases in which ownership and/or control are performed through serial acquisitions or through indirect means of control.

The term also covers the holder of the beneficial owner of the life insurance policy or other insurance policies related to the development of capitals and investment units.

Article Two:

The “beneficial owner” shall be defined as per the clients of the legal persons and the necessary procedures shall be taken for the identification of these persons as follows:

1. Identification of any natural person who directly or indirectly owns 20% or more of the capital of a legal entity.
2. In case of doubt that the natural person(s), (specified in paragraph 1 of the present article), is/are the beneficial right's owner(s) of the legal entity customer; or in case of absence of any natural person with a 20% or more ownership of the customer's capital; then, and through different methods, the natural persons who have control right on the legal entity should be identified (as who are the holders of the majority votes, the right of appointment or discharge of the majority of the administrative or control staff of a subsidiary...).
3. In the absence of any identification of a natural person (as stated in clauses 1 and 2 of the present item 5), necessary procedures should be taken to specify and identify individuals occupying senior administrative positions.

Article Three:

“Beneficial Owner(s)” shall be defined as per clients in the legal arrangements category and the necessary procedures shall be taken to identify these persons as follows:

1. As per the Trust, each of the following must be identified:
 - Settler
 - Trustee
 - Protector
 - Beneficiary, and in the event the latter is if not identified or identified, the categories of persons for the benefit of whom the legal arrangement.
 - Any other natural person exercising the right of actual control on the Trust through direct or indirect ownership or through other means.

The definitions stated in the glossary attached to the forty Recommendations of the FATF shall be adopted in order to identify the provisions of item 1 above.

2. As per other types of legal arrangements, including trust-like arrangements, persons holding positions similar to those specified in section 1 of the present Article must be identified.

Article Four:

The concerned bodies and persons must, in their respective competence, apply the due diligence procedures referred to in Law No. 44 of 24/11/2015, which must comprise the verification of the identity of their permanent and transient clients alike, whether residents or non-residents, define the nature of their work, and understand how to structure the property of the legal person and/or how to control the same, the purpose of the transaction and/or opening the account and the type of any of them, the "beneficial owner" and the source of funds and the ongoing monitoring of transactions.

The identity of the beneficial owner must be verified before or during the establishment of the business relationship or the execution of transactions for transient customers. It is also necessary to verify whether any person claiming to be acting on behalf of the client is a person actually authorized while checking and verifying their identity.

Article Five:

When determining the identity of the "beneficial owner", the same due diligence procedures as applicable to "clients" shall apply, including those referred to in the notices of the Special Investigation Commission.

Article Six:

The present circular shall be published in the Official Gazette and shall be enforced upon publication.

Riad Toufic Salameh

Decision No 1472/1 of September 27, 2018 with respect to the Mechanism of Defining the "Beneficial Owner" (Law No 74/2016) Issued by the Ministry of Finance

The Minister of Finance,

Pursuant to decree no. 3 dated 18/12/2016 (formation of the Cabinet)

Pursuant to decree-law no. 144 dated 12/06/1959 and the amendments thereof (Law on the Income Tax), particularly articles 3, 41, 69, 101, 102 and 103 thereof,

Pursuant to law no. 44 dated 11/11/2008 and the amendments thereof (Tax Procedures Law), particularly articles 10, 11 and 106 thereof,

Pursuant to law no. 44 dated 24/11/2015 on Fighting Money Laundering and Terrorist Financing, particularly article 4 and 17 thereof.

Pursuant to the law no. 347 dated 06/08/2001 relevant to the Regulation of the Profession of Currency Exchanging, particularly article 13 thereof,

Pursuant to law No. 160 dated 27/12/1999 concerning the Organization of Finance Lease Operations, particularly the Article 20 thereof,

Pursuant to the law No. 234 dated 10/06/2000 concerning the Organization of the Profession of Financial Brokerage,

Pursuant to Law No. 161 dated 17/8/2011 on Financial Markets,

Pursuant to Law No. 55 of 27/10/2016 on the Exchange of Information for Tax Purposes,

Pursuant to Law No. 74 of 27/10/2016 (Determining the Tax Obligations of Persons who Perform a Trustee Activity);

Pursuant to Law No. 705 dated 9/12/2005 (Asset Securitization Law);

Pursuant to Law No. 706 of 9/12/2005 (Bodies of Collective Investment in Movable Assets and other Financial Instruments);

Pursuant to the proposal of the Director of Public Finance;

Upon the consultation with the State Council (opinion No. 1045/2017-2018 dated 14/08/2018),

Decides the following:

Article 1

The Beneficial Owner “is any natural person, regardless of their place of residence, who ultimately effectively owns or controls, directly or indirectly, the activities of any other natural or legal person on the Lebanese territories”.

Shall be considered as cases of acquisition and/or indirect control, the cases where ownership and/or control is conducted through sequential acquisitions or other series of indirect means of control.

Article 2

Every legal person, regardless of their legal form, must take the necessary measures in order to determine the identity of the “Beneficial Right’s Owner” in the activity which they are exercising, by reaching a definition of every natural person who is behind:

1. Any natural person who owns, directly or indirectly, a sum equal to or greater than 20 % at least of their capital.
2. Any natural person who has the majority of the voting rights or the basic decision-making rights therein, including the appointment and dismissal of the members of the administrative body or the supervisory body.
3. Any person holding a senior management position.

Article 3

1. Taxpayers of the category “legal, legal arrangements entities” must take the necessary measures to determine the identity of the economic right holder in accordance with the following:

As per trustees’ activity according to law No. 74/2016, the following must be determined:

Settlor

Trustee

Protector

Beneficiary, and in the event their identity is not identified or revealed, the categories of persons whose legal arrangement was established for their benefit.

Any other natural person exercising the right of actual control over the trust, through direct or indirect ownership or through other means.

2. As per other types of legal arrangements, including trust-like structures, persons holding positions similar to those specified in section (1) of this Article must be identified.
3. In the case of a legal entity, the required procedures for identifying persons obtaining debt securities or quotas shall be undertaken as stated above.

Article 4

All taxpayers must keep a daily record of Beneficial Right's Owners including: full name, nationality, date of birth, residence address, mailing address, ID number or passport for Lebanese, passport number for foreigners, tax residence, tax number, dividends.

They must declare information concerning the "Beneficial Right's Owners" within the declaration of initiation of work and annual declarations according to Article 38 of the tax procedures law.

All taxpayers must also keep documents that state how the ownership by the legal person is structured and/or controlled, as well as all information and documents relating to the beneficial right's owners for ten years, even after the person has lost the capacity of "beneficial right's owner" or even after they have suspended their work.

Article 5

The Lebanese Association of Certified Public Accountants (LACPA), the Beirut and Tripoli Bar Associations, as well as all the Notaries Public should immediately provide the Ministry of Finance with any documents that are drafted before them or known to them as a result of their profession, directly or indirectly relevant to transactions or operations involving information concerning a beneficial right's owner, as requested by the tax administration of the Ministry of Finance.

Article 6

The Ministry of Finance shall establish the necessary forms susceptible of ensuring that the tax administration obtains information concerning the owners of the beneficial right.

Article 7

The competent auditing units at the tax administration must verify, upon every of-

fice or field audit, that taxpayers abide by their obligations as per the beneficial right's owners, and any violators shall be subject to the fines stipulated in the law of tax procedures, and they must take the necessary measures to assign the right owners with the legal penalties provided for in the law itself, as well as the application of the provisions of Article 106 of the Tax Procedures Law.

Article 8

The Tax Administration may coordinate with the Special Investigation Commission provided for in Law No. 44 of 24/11/2015 on Fighting Money Laundering and Terrorist Financing to obtain information on the owners of the beneficial rights upon receipt of a request for non-banking information. In such case, information relevant to the owner of the beneficial right shall be solicited there from according to the provisions of Law 55/2016 and the same noticing procedures shall be followed. Information can also be obtained regarding the beneficial right's owner from the taxpayer by virtue of a targeted or comprehensive audit.

In the event the request for information is urgent, or if the taxpayer's notification is susceptible of affecting the results of the investigation carried out by the foreign state according to the concept stated in article 7 of Decree No. 1550/2017, the taxpayer shall not be notified of the request for information concerning them, applied by the Special Investigation Commission. The tax administration shall conduct a comprehensive audit of their tax file.

Article 9

The present decision shall be published in the Official Gazette and on the website of the Ministry of Finance.

Decision No. 2045/1 of December 31, 2018 relating to the new Forms applicable to the “beneficial owners” Issued by the Ministry of Finance

The Minister of Finance,

Pursuant to decree no. 3 dated 18/12/2016 (formation of the Cabinet),

Pursuant to law no. 44 dated 11/11/2008 and the amendments thereof (Tax Procedures Law),

Pursuant to law no. 44 dated 24/11/2015 (Fighting Money Laundering and Terrorist Financing),

Pursuant to the proposal of the Director of Public Finance,

Upon the consultation with the State Council No. 81/2018-2019 dated

Decides the following

Article One: A form titled “Statement of a Beneficial Right’s Owner” shall be adopted as follows:

Form Number	Form name
M 18	Statement of a Beneficial Right’s Owner

Article Two: the following forms shall be amended

Form Number	Form name
M1	Initiation of Work (Companies)
M2	Identification of a Partner, Shareholder or Beneficial Right’s Owner
M4	Declaration for the Modification of Information (Companies)
M5	Declaration for the Modification of Information (Sole Proprietorship, Profession)
M10	Initiation of work (Sole Proprietorship, Profession)
M11	Personal Identification

Article Three: The forms adopted by virtue of articles one and two of the present decision shall be submitted on hard and/or soft copies established by the competent tax administration and their relevant documents shall be attached thereto.

Article Four: Forms "M1, M2, M4, M5 and M11" stated in decision no. 1/18 dated 12/01/2011 shall be cancelled and replaced with the forms attached hereto.

Article Five: The present decision shall be published in the Official Gazette and on the website of the Ministry of Finance and shall be enforced upon publication.

Form M 1 Starting a Business (Companies) issued by the Ministry of Finance

Republic of Lebanon

Ministry of Finance

Names of the Partners, Main Shareholders, or Beneficial Right's Owner(s)

M1

General Directorate of Finance

Directorate of Revenues – Income Tax

Page 2/2

 Shareholders Partners

	Name	Title	MOF Fiscal Number	% of Owned Shares or Parts	Name of the Beneficial Right's Owner	MOF Fiscal Number
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
	General Total					

- In case a partner, main shareholder, or beneficial right's owner did not have a fiscal number at the Ministry of Finance, kindly enclose the form of Identification of a Partner, Shareholder or Beneficial Right's Owner - M2.
- All partners in Partnership or Limited Liability Companies, and shall include additional page(s) of such form in order to include all partners.
- All shareholders in joint stock companies shall be mentioned, when their number does not exceed fifteen, and in the event their number exceeds fifteen, one or more additional pages of the present form shall be added, only for registering shareholders whose shares exceed one percent of the corporate capital.
- Depending on the legal form of the company, the section "title" shall mention whether the partner is an acting partner, joint partner, tutor of a minor, or a tutor declared by the company, or whether the shareholder takes a position of chairman or board member.

I, the undersigned, hereby certify the veracity of the information stated herein.

Signatory:.....

Title:.....

Fiscal Number: (if available) | | | | | | | |

Signature.....On: (dd/mm/yy):.....

Form M2 Presentation of Partner, Shareholder or Beneficial Owner issued by the Ministry of Finance

Republic of Lebanon Ministry of Finance General Directorate of Finance Directorate of Revenues – Income Tax		Identification of a Partner, Shareholder or Beneficial Right's Owner	M2
<input type="checkbox"/> Shareholder <input type="checkbox"/> Partner <input type="checkbox"/> Beneficial Right's Owner			
1- Identification			
Name:.....		Father's Name:.....	Mother's Name:.....
Maiden Name:.....		Name after marriage.....	
Gender	<input type="checkbox"/> Male Family Status: <input type="checkbox"/> Single <input type="checkbox"/> Married	<input type="checkbox"/> Female <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed	Number of dependent children:..... Nationality:.....
Date of birth (dd/mm/yy) ... / ... / Register no..... register location..... Identity card number:.....			
Information on the Spouse:			
Full Name of the Spouse: Maiden Name:.....			
Does the spouse work: <input type="checkbox"/> Yes <input type="checkbox"/> No In case the spouse works, state the MOF Fiscal Number: <input type="checkbox"/>			
2- Address			
Personal Address:			
Province:.....		District:.....	Zone..... Locality..... Street.....
Building:.....		Floor:.....	Real Estate Zone:..... Real estate no./section../....
Type of occupancy: <input type="checkbox"/> Property <input type="checkbox"/> Rent <input type="checkbox"/> Usufruct <input type="checkbox"/> Pacific Possession		Phone:/.....	
Fax:..... P.O. Code:.....		P.O. Box no:.....	Zone..... email:.....
Elected Address for Notification:			
Province:.....		District:.....	Zone..... Locality..... Street.....
Building:.....		Floor:.....	Real Estate Zone:..... Real estate no./section..../....
Type of occupancy: <input type="checkbox"/> Property <input type="checkbox"/> Rent <input type="checkbox"/> Usufruct <input type="checkbox"/> Pacific Possession		Phone:/.....	
Fax:..... P.O. Code:.....		P.O. Box no:.....	Zone..... email:.....
I have been informed of the obligation to identify the Beneficial Right's Owner for all my shares and my contributions and to inform the administration of any modification.			
I, the undersigned, hereby certify the veracity of the information stated herein			
Signatory:..... Title:..... Fiscal Number: (if available): <input type="checkbox"/>			
Signature:..... On: (dd/mm/yy):.....			
Administrative Section			
Fiscal Number (at the Ministry of Finance)		<input type="checkbox"/>	
Date of submitting: (dd/mm/yy):.....			

Form M4 Information Amendment Declaration (Companies) issued by the Ministry of Finance

Republic of Lebanon Ministry of Finance General Directorate of Finance Directorate of Revenues – Income Tax	Declaration for the Modification of Information	Companies M4 Page 1/2	
Fiscal Number (at the Ministry of Finance)		Date of the modifications: (dd/mm/yy)	
Former Information (fill all sections)		Modifications (only fill the modified sections)	
Company Name:		Company Name:	
Commercial Name:		Commercial Name:	
Commercial Register No:	Commercial Court:	Commercial Register No:	Commercial Court:
Date of registration (dd/mm/yy)	Nationality	Date of registration (dd/mm/yy)	Nationality
Legal Form		Legal Form	
Main Registered Office: Province: District:		Main Registered Office: Province: District:	
Zone..... Locality..... Street.....	Building:..... Floor:..... Real Estate Zone:.....	Zone..... Locality..... Street.....	Building:..... Floor:..... Real Estate Zone:.....
Real estate no./section...../.....	Type of occupancy: <input type="checkbox"/> Property <input type="checkbox"/> Rent <input type="checkbox"/> Usufruct <input type="checkbox"/> Pacific Possession	Real estate no./section...../.....	Type of occupancy: <input type="checkbox"/> Property <input type="checkbox"/> Rent <input type="checkbox"/> Usufruct <input type="checkbox"/> Pacific Possession
Phone:/.....	Fax:	Phone:/.....	Fax:
P.O. Code..... P.O. Box no..... Zone.....	email.....	P.O. Code..... P.O. Box no..... Zone.....	email.....
Elected Address for Notification: Province: District:		Elected Address for Notification: Province: District:	
Zone..... Locality..... Street.....	Building:..... Floor:..... Real Estate Zone:.....	Zone..... Locality..... Street.....	Building:..... Floor:..... Real Estate Zone:.....
Phone:/.....	Fax:	Phone:/.....	Fax:
P.O. Code..... P.O. Box no..... Zone.....	email.....	P.O. Code..... P.O. Box no..... Zone.....	email.....
Person delegated to be notified of the mail: Full name.....		Person delegated to be notified of the mail: Full name.....	
Fiscal number (at the MOF)	Phone:	Fiscal number (at the MOF)	Phone:
Type of Activity: Description of the main activity..... Percentage:%		Type of Activity: Description of the main activity..... Percentage:%	
Second activity:	Percentage:%	Second activity:	Percentage:%
Third activity:	Percentage:%	Third activity:	Percentage:%
Value of the capital: LBP		Value of the capital: LBP	
Taxing Zone:		Taxing Zone:	
Administrative Section			
Activity	Main	Second	Third
Activity Code			
Fiscal Number (at the MOF)		Fiscal Number (at the MOF)	
Taxing Zone:..... Type of Taxing: <input type="checkbox"/> Real <input type="checkbox"/> Lump		Taxing Zone:..... Type of Taxing: <input type="checkbox"/> Real <input type="checkbox"/> Lump	
Date of submitting: (dd/mm/yy):.....		Date of submitting: (dd/mm/yy):.....	

Republic of Lebanon

Ministry of Finance

General Directorate of Finance

Directorate of Revenues – Income Tax

Declaration for the Modification of Information

Distribution of the capital

Companies

M4

Page 2/2

Shareholders Partners

	Name	Title	MOF Fiscal Number	% of Owned Shares or Parts	Name of the Beneficial Right's Owner	MOF Fiscal Number
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
General Total						

- The present statement shall solely be used for declaring the new situation for the division of the full corporate capital, in the event of a modification on the previously declared situation.
- In the event a partner, main shareholder, or beneficial right's owner did not have a fiscal number at the Ministry of Finance, kindly enclose the form of identification of a Partner, Shareholder or Beneficial Right's Owner - M2.
- Depending on the legal form of the company, the section "title" shall mention whether the partner is an acting partner, joint partner, tutor of a minor, or a tutor declared by the company, or whether the shareholder takes a position of chairman or board member.

I, the undersigned, hereby certify the veracity of the information stated herein.

Signatory:.....

Title:.....

Fiscal number: (if available):

||||| | | | | | | | |

Signature:.....

On: (dd/mm/yy):.....

Form M5 Information Amendment Declaration (Sole Proprietorship, Profession) issued by the Ministry of Finance

Republic of Lebanon Ministry of Finance General Directorate of Finance Directorate of Revenues – Income Tax		(Sole Proprietorship, Profession) Declaration for the Modification of Information M5	
Fiscal number (at the Ministry of Finance) <input style="width: 100px; border: 1px solid black;" type="text"/> Date of the modifications: (dd/mm/yy)			
Former Information (fill all sections)		Modifications (only fill the modified sections)	
Company Name:		Company Name:	
If the institution is registered in the Commercial Register: Commercial Name:		If the institution is registered in the Commercial Register: Commercial Name:	
Commercial Register No: Commercial Court:		Commercial Register No: Commercial Court:	
Date of registration (dd/mm/yy) Nationality		Date of registration (dd/mm/yy) Nationality	
Main Registered Office:		Main Registered Office:	
Province: District:		Province: District:	
Zone..... Locality..... Street.....		Zone..... Locality..... Street.....	
Building:..... Floor:..... Real Estate Zone:		Building:..... Floor:..... Real Estate Zone:	
Real estate no./section..../.....		Real estate no./section..../.....	
Type of occupancy: <input type="checkbox"/> Property <input type="checkbox"/> Rent <input type="checkbox"/> Usufruct <input type="checkbox"/> Pacific Possession		Type of occupancy: <input type="checkbox"/> Property <input type="checkbox"/> Rent <input type="checkbox"/> Usufruct <input type="checkbox"/> Pacific Possession	
Phone:/..... Fax:.....		Phone:/..... Fax:.....	
P.O. Code..... P.O. Box no..... Zone.....		P.O. Code..... P.O. Box no..... Zone.....	
email.....		email.....	
Elected Address for Notification:		Elected Address for Notification:	
Province: District:		Province: District:	
Zone..... Locality..... Street.....		Zone..... Locality..... Street.....	
Building:..... Floor:..... Real Estate Zone:		Building:..... Floor:..... Real Estate Zone:	
Phone:/..... Fax:.....		Phone:/..... Fax:.....	
P.O. Code..... P.O. Box no..... Zone.....		P.O. Code..... P.O. Box no..... Zone.....	
email.....		email.....	
Type of Activity:		Type of Activity:	
Description of the main activity..... Percentage:%		Description of the main activity..... Percentage:%	
Second activity: Percentage:%		Second activity: Percentage:%	
Third activity: Percentage:%		Third activity: Percentage:%	
Value of the capital: LBP		Value of the capital: LBP	
Taxing Zone:		Taxing Zone:	
Type of Taxing: <input type="checkbox"/> Real <input type="checkbox"/> Lump <input type="checkbox"/> Estimated		Type of Taxing: <input type="checkbox"/> Real <input type="checkbox"/> Lump	
Administrative Section			
Activity	Main	Second	Third
Activity Code			
Fiscal Number (at the MOF) <input style="width: 100px; border: 1px solid black;" type="text"/>		I, the undersigned, hereby certify the veracity of the information stated herein and have been notified that a book should be kept concerning the Beneficial Right's Owner. Signatory:..... Title:..... Fiscal Number: (if available) <input style="width: 100px; border: 1px solid black;" type="text"/> Signature:..... On: (dd/mm/yy):.....	
Taxing Zone:..... Type of Taxing: <input type="checkbox"/> Real <input type="checkbox"/> Lump			
Date of submitting: (dd/mm/yy):.....			

Form M 10 Starting a Business (Sole Proprietorship, Profession) issued by the Ministry of Finance

Republic of Lebanon Ministry of Finance General Directorate of Finance Directorate of Revenues – Income Tax	Initiation of Work	(Sole Proprietorship, Profession)		
		M10		
1- Identification: Full name of the taxpayer: (for owners of Sole Proprietorship or Profession):				
Do you have a personal fiscal number (At the MOF)? <input type="checkbox"/> No <input type="checkbox"/> Yes If yes, your personal fiscal no. If no: fill the Form M11				
2- Institution Identification (For owners of Sole Proprietorship):				
Company Name: Commercial Name : Commercial Register No:				
Commercial Register Zone: Commercial Court:..... Date of Registration (dd/mm/yy) Nationality				
Date of Initiation of Work (dd/mm/yy) Does the company benefit from tax exemptions? <input type="checkbox"/> No <input type="checkbox"/> Yes Duration of exemption				
3- For owners for Liberal Professions:				
Profession practiced:..... Type of Specialization:..... Date of initiation of work (dd/mm/yy).....				
Professional Order of affiliation (if any): Date of affiliation: Membership number:				
4- Address (for Sole Proprietorship, Professionals):				
Main registered office:				
Province:.....	District:.....	Zone..... Locality..... Street.....		
Building:.....	Floor:.....	Real Estate Zone:..... Real estate no./section /.....		
Type of occupancy: <input type="checkbox"/> Property <input type="checkbox"/> Rent <input type="checkbox"/> Usufruct <input type="checkbox"/> Pacific Possession		Phone: /.....		
Fax:..... P.O. Code..... P.O. Box no..... Zone.....		email.....		
Elected address for notification:				
Province:.....	District:.....	Zone..... Locality..... Street.....		
Building:.....	Floor:.....	Real Estate Zone:..... Real estate no./section /.....		
Type of occupancy: <input type="checkbox"/> Property <input type="checkbox"/> Rent <input type="checkbox"/> Usufruct <input type="checkbox"/> Pacific Possession		Phone: /.....		
Fax:..... P.O. Code..... P.O. Box no..... Zone.....		email.....		
5- Type of Activity				
Description of the main activity:		Type of Sale	Administration Section	
		Wholesale	Retail	<u>Activity Code</u>
		<input type="checkbox"/>	<input type="checkbox"/>
Second activity: Percentage: %		<input type="checkbox"/>	<input type="checkbox"/>
Third activity: Percentage: %		<input type="checkbox"/>	<input type="checkbox"/>
6- Type of Taxing: <input type="checkbox"/> Real <input type="checkbox"/> Lump				
7- Please be informed that I have been:				
<input type="checkbox"/> Practicing/still Practicing the following activities:				
Name of the Institution/profession		Registration Number (at the MOF)		
1		 		
2		 		
<input type="checkbox"/> Employee or worker at..... Fiscal Number (at the MOF) Phone number:				
<input type="checkbox"/> Partner in the company Fiscal Number (at the MOF) Taxing Zone:				
<input type="checkbox"/> I have never practiced any former activity until the date of submission of the declaration of initiation of work.				
<input type="checkbox"/> I am pursuing my studies (at the university or institution) Major:				
<input type="checkbox"/> Residing outside the Lebanese Territories in (Specify).....until the date of.....				
<input type="checkbox"/> Name of the beneficial right's owner..... Fiscal Number (at the MOF) 				
Administrative Section				
Fiscal Number (at the Ministry of Finance) 		I, the undersigned, hereby certify the veracity of the information stated herein and have been notified that a book should be kept concerning the Beneficial Right's Owner.		
Taxing Zone:..... Type of Taxing: <input type="checkbox"/> Real <input type="checkbox"/> Lump		Signatory:.....		
Date of submitting: (dd/mm/yy):.....		Title:.....		
		Fiscal number: (if available) 		
		Signature:.....		
		On: (dd/mm/yy):.....		

* In the event the Beneficial Right's Owner does not have a fiscal number, fill the form M11

Form M 11 Personal Presentation issued by the Ministry of Finance

Republic of Lebanon Ministry of Finance General Directorate of Finance Directorate of Revenues – Income Tax		Personal Identification	M11
<input type="checkbox"/> Owner of a Sole Proprietorship <input type="checkbox"/> Owner of a Liberal Profession <input type="checkbox"/> Beneficial Right's Owner			
1- Identification Name: Father's Name: Mother's Name: Maiden Name: Name after marriage: Gender <input type="checkbox"/> Male Family <input type="checkbox"/> Single <input type="checkbox"/> Married Number of dependent children: Nationality: <input type="checkbox"/> Female Status: <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed Date of birth (dd/mm/yy) ... / ... / Register no: register location: Identity card number:			
Information on the Spouse: Full Name of the Spouse: Maiden Name: Does the spouse work: <input type="checkbox"/> Yes <input type="checkbox"/> No In case the spouse works, state the MOF Fiscal Number: <input type="checkbox"/>			
2- Address Personal Address: Province: District: Zone: Locality: Street: Building: Floor: Real Estate Zone: Real estate no./section:/..... Type of occupancy: <input type="checkbox"/> Property <input type="checkbox"/> Rent <input type="checkbox"/> Usufruct <input type="checkbox"/> Pacific Possession Phone:/..... Fax: P.O. Code: P.O. Box no: Zone: email:			
Elected Address for Notification: Province: District: Zone: Locality: Street: Building: Floor: Real Estate Zone: Real estate no./section:/..... Type of occupancy: <input type="checkbox"/> Property <input type="checkbox"/> Rent <input type="checkbox"/> Usufruct <input type="checkbox"/> Pacific Possession Phone:/..... Fax: P.O. Code: P.O. Box no: Zone: email:			
I, the undersigned, hereby certify the veracity of the information stated herein and have been notified that a book should be kept concerning the Beneficial Right's Owner. Signatory: Title: Fiscal number: (if available): <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Signature: On: (dd/mm/yy):			
Administrative Section			
Fiscal Number (at the Ministry of Finance) <input type="checkbox"/>		Date of submitting: (dd/mm/yy):	

* the present form shall be used for the owner of a Sole Proprietorship, liberal professions and beneficial rights' owners in such institutions and professions.

Form M 18 Statement of the Beneficial Owner issued by the Ministry of Finance

Republic of Lebanon Ministry of Finance General Directorate of Finance Directorate of Revenues – Income Tax			Statement of the Beneficial Right's Owner		M18
Name of the Taxpayer:			Tax number (at the MOF)*: <input style="width: 100px;" type="text"/>		
Taxing Zone:			Deadline for the declaration (dd/mm/yy):		
<input type="checkbox"/> Shareholders <input type="checkbox"/> Partners <input type="checkbox"/> Sole Proprietorship or Liberal Profession**					
Name	Title	MOF Fiscal Number	% of Owned Shares or Parts	Name of the Beneficial Right's Owner	MOF Fiscal Number
1		<input style="width: 100px;" type="text"/>			<input style="width: 100px;" type="text"/>
2		<input style="width: 100px;" type="text"/>			<input style="width: 100px;" type="text"/>
3		<input style="width: 100px;" type="text"/>			<input style="width: 100px;" type="text"/>
4		<input style="width: 100px;" type="text"/>			<input style="width: 100px;" type="text"/>
5		<input style="width: 100px;" type="text"/>			<input style="width: 100px;" type="text"/>
6		<input style="width: 100px;" type="text"/>			<input style="width: 100px;" type="text"/>
7		<input style="width: 100px;" type="text"/>			<input style="width: 100px;" type="text"/>
8		<input style="width: 100px;" type="text"/>			<input style="width: 100px;" type="text"/>
9		<input style="width: 100px;" type="text"/>			<input style="width: 100px;" type="text"/>
10		<input style="width: 100px;" type="text"/>			<input style="width: 100px;" type="text"/>
11		<input style="width: 100px;" type="text"/>			<input style="width: 100px;" type="text"/>
12		<input style="width: 100px;" type="text"/>			<input style="width: 100px;" type="text"/>
13		<input style="width: 100px;" type="text"/>			<input style="width: 100px;" type="text"/>
14		<input style="width: 100px;" type="text"/>			<input style="width: 100px;" type="text"/>
15		<input style="width: 100px;" type="text"/>			<input style="width: 100px;" type="text"/>
General Total					
<ul style="list-style-type: none"> - In case a partner, main shareholder, or beneficial right's owner did not have a fiscal number at the Ministry of Finance, kindly enclose the form of Identification of a Partner, Shareholder or Beneficial Right's Owner - M2. - All partners in Partnership or Limited Liability Companies, and shall include additional page(s) of such form in order to include all partners. - All shareholders in joint stock companies shall be mentioned, when their number does not exceed fifteen, and in the event their number exceeds fifteen, one or more additional pages of the present form shall be added, only for registering shareholders whose shares exceed one percent of the corporate capital. - Depending on the legal form of the company, the section "title" shall mention whether the partner is an acting partner, joint partner, tutor of a minor, or a tutor declared by the company, or whether the shareholder takes a position of chairman or board member. 					
I, the undersigned, hereby certify the veracity of the information stated herein.					
Signatory:			Title:		
Signature:			On: (dd/mm/yy):		
Fiscal number: (if available): <input style="width: 100px;" type="text"/>					
* The fiscal number of the company, institution or profession shall be mentioned. ** Allocated to the Beneficial Right's Owner in a sole proprietorship or liberal profession.					

PS: the present statement shall be filled and attached to the annual statement on the realized Profits/Losses

"Form Know Your Customer (KYC) Natural Person issued by the Lebanese Association of Certified Public Accountants"

Personal Information					
Name	Surname	Father's Name	Mother's Maiden Name	Gender	<input type="checkbox"/> M <input checked="" type="checkbox"/> F
Place and Date of Birth	Nationality (1)	Nationality (2)	Civil Register Place and number	Resident	<input type="checkbox"/> Yes <input type="checkbox"/> No
ID/ Passport Number (1)	ID/ Passport Number (2)	Education		Marital Status	<input type="checkbox"/> Married <input type="checkbox"/> Single
Spouse's Full Name	Spouse's Profession			Number of Children	
Tax Identification Number (TIN)	Tax Residency				
Residence Address					
Residence Type	Country	City	Street	Building	
Floor	Residential Phone Number	Mobile Phone Number		Email	
Business Information					
Detailed Profession	Economic Sector/ Activity	Previous Profession for Retired	Employer Name		
Business Country (1)	City	Street	Building		
Business (1) Phone Number	Mobile Phone Number	Email (1)	Email (2)		
Business Country (2)	City	Street	Building		
Business (2) Phone Number	Mobile Phone Number	Email (1)	Email (2)		
Source of Income/ Funds	Other Sources of Income/ Funds				
Beneficial Right's Owner(s) (B/O)					
Beneficial Owner(1)	<input type="checkbox"/> Yes <input type="checkbox"/> No	B/O(1) Full Name	Relationship with B/O(1)	Reason of B/O(1)	B/O(1) Email
B/O(1) Full Address		B/O(1) Nationality	B/O(1) ID/ Passport No.	B/O(1) Detailed Profession	
Beneficial Owner(2)	<input type="checkbox"/> Yes <input type="checkbox"/> No	B/O(2) Full Name	Relationship with B/O(2)	Reason of B/O(2)	B/O(2) Email
B/O(2) Full Address		B/O(2) Nationality	B/O(2) ID/ Passport No.	B/O(2) Detailed Profession	
I, ----- the undersigned, confirm that the information provided herewith is correct and I will advise you personally upon any change of the above information					
Signature					
Date					

Form Know Your Customer (KYC) Legal Person Form issued by the Lebanese Association of Certified Public Accountants

Company's Profile					
Company Name _____		Registration Place _____		Registration Date _____	
Registry Number _____	Nationality _____	Foundation Date _____		Country _____	
City _____	Street _____	Building _____	Floor _____	Post Code _____	
Phone Number _____	Mobile Phone Number _____	Email _____		Website _____	
Economic Sector/Activity _____		Activity Region _____		Number of Employees _____	
Company Capital _____		Capital Currency _____			
Company's Legal Documents					
Certificate of Registration <input type="checkbox"/> Yes <input type="checkbox"/> No		<input type="checkbox"/> Yes Company Bylaws <input type="checkbox"/> No		Trade Circular <input type="checkbox"/> Yes <input type="checkbox"/> No	MOM electing Chairman and BOD members or Directors <input type="checkbox"/> Yes <input type="checkbox"/> No
Tax Identification Number (TIN) _____				Tax Residency _____	
Name of Legal Representative _____				Name of Previous External Auditor _____	
Main Shareholders/ Partners/ General Manager/ Authorized Signatories					
Full Name/ Title 1	Percentage of Shares/ Parts _____		Address _____		
Phone Number _____			Mobile Phone Number _____		
Full Name/ Title 2	Percentage of Shares/ Parts _____		Address _____		
Phone Number _____			Mobile Phone Number _____		
Full Name/ Title 3	Percentage of Shares/ Parts _____		Address _____		
Phone Number _____			Mobile Phone Number _____		
Full Name/ Title 4	Percentage of Shares/ Parts _____		Address _____		
Phone Number _____			Mobile Phone Number _____		
Full Name/ Title 5	Percentage of Shares/ Parts _____		Address _____		
Phone Number _____			Mobile Phone Number _____		

Financial Status
Sales, Profit. _____

Source of Funds

Beneficial Right's Owner(s) (B/O)			
<input type="checkbox"/> Yes Beneficial Owner(1) <input type="checkbox"/> No		B/O(1) Full Name _____	Relationship with B/O(1) _____
Reason of B/O(1) _____	B/O(1) Nationality _____	B/O(1) ID/ Passport No. _____	B/O(1) Detailed Profession _____
B/O(1) Full Address _____		B/O(1) Email _____	
<input type="checkbox"/> Yes Beneficial Owner(2) <input type="checkbox"/> No		B/O(2) Full Name _____	Relationship with B/O(2) _____
Reason of B/O(2) _____	B/O(2) Nationality _____	B/O(2) ID/ Passport No. _____	B/O(2) Detailed Profession _____
B/O(2) Full Address _____		B/O(2) Email _____	

I, ----- the undersigned, confirm that the information provided herewith is correct and I will advise you personally upon any change of the above information	
Signature	_____
Date	_____

Circular No 9/2018 of 21 November 2018 concerning the personal declaration of the services enumerated in Article V of Law No. 44/2015 issued by the Lebanese Association of Certified Public Accountants

Dear colleague

Subject: Notification addressed to all Certified Public Accountants in Lebanon regarding the submission of a personal declaration of the services enumerated in Article V of the Law No. 44/2015.

Whereas Law No. 44 of 24/11/2015 on Fighting Money Laundering and Terrorist Financing imposes obligations on Certified Public Accountants, and has charged LACPA, by virtue of the article 17 thereof, with the task of verifying the abidance of Certified Public Accountants by the procedures stipulated in the said law and the regulatory texts issued on the basis thereof.

In order to secure verification requirements, and given the importance of consolidating cooperation with the Special Investigation Commission, and for the sake of the interests of the experts; and in order to avoid any risks, and inform the respective colleagues accordingly of any regulatory texts issued or to be issued by this body;

Hence,

All certified accountants in Lebanon are required to notify the LACPA, by virtue of an declaration issued by each Certified Accountant, in their personal capacity, within a maximum period of twenty (20) days from the present date, in the event their functions included the preparation or implementation of any of the following services for their clients:

- Buying and selling of real estate.
- Management of customers' movable and immovable assets, in particular transactions consisting of money accumulation and joint investment.
- Management of bank accounts and securities accounts.

- Organization of contributions for the establishment or management of companies.
- Establishment or management of legal persons or unique legal arrangements, and buying and selling of single person enterprise or companies.

Within 15 days from the date of its subsequent commitment to any new customer with the same services. In the event that the duties of any certified accountant do not include any of the above mentioned services, they must inform the association with a personal statement expressly stating that the functions do not include any of the aforementioned services.

In the event the LACPA is not provided with such statement and it is revealed to us, whether by the Special Investigation Commission, the Ministry of Finance - Directorate of Public Finance - the cadastral services or any court or other body, that the name of the certified accountant is stated in any transaction related to the items referred to above, the LACPA shall take the necessary legal action against them, in addition to the sanctions and penalties stated in Law No. 44/2015.

President of the Lebanese Association
of Certified Public Accountants (LACPA)
Sarkis Sakr

Note: Attached hereto is the form of acknowledgment to be submitted as per whether the services provided by the certified accountant include or not the services enumerated in Article Five of the Law No. 44/2015.

Certified Public Accountant Declaration of Compliance with the Provisions of Article V of Law 44/2015 issued by the Lebanese Association of Certified Public Accountants

We inform you that our tasks have included preparing and carrying out on behalf of our customers the following services:

- Buying and selling of real estate.
- Management of customers' movable and immovable assets, in particular transactions consisting of money accumulation and joint investment.
- Management of bank accounts and securities accounts.
- Organization of contributions for the establishment or management of companies.
- Establishment or management of legal persons or unique legal arrangements, and buying and selling of single person enterprise or companies.

We inform you that our tasks have NOT included preparing and carrying out on behalf of our customers the following services:

- Buying and selling of real estate.
- Management of customers' movable and immovable assets, in particular transactions consisting of money accumulation and joint investment.
- Management of bank accounts and securities accounts.
- Organization of contributions for the establishment or management of companies.
- Establishment or management of legal persons or unique legal arrangements, and buying and selling of single person enterprise or companies.

Date: -----

Name: -----

LACPA No: -----

Signature and Stamp: -----

Remark: In case the LACPA did not receive this confirmation, and, has been informed, by either the Special Investigation Commission, Ministry of Finance, Real Estate Administration or any court or body; that a Certified Public Accountant is performing any transaction related to the above mentioned items. LACPA will take the necessary legal action against this violation in addition to the sanctions specified in the Law No. 44/2015.

* This information is personal and all CPAs shall present the said information to the LACPA and update the information in case of any changes. The partner/partners in Civil Professional Companies may submit one single Confirmation Form including the tasks carried out on behalf of the company customers, on condition that it is signed by **all the certified public Accountants** of the company.

Sample Representation Letter as per ISA 580 issued by the Lebanese Association of Certified Public Accountants

The following illustrative letter includes written representations that are required by this and other ISAs in effect for audits of financial statements for periods beginning on or after December 15, 2009. It is assumed in this illustration that the applicable financial reporting framework is International Financial Reporting Standards; the requirement of ISA 570 to obtain a written representation is not relevant; and that there are no exceptions to the requested written representations. If there were exceptions, the representations would need to be modified to reflect the exceptions.

(Entity Letterhead)

(To Auditor)

(Date)

This representation letter is provided in connection with your audit of the financial statements of ABC Company for the year ended December 31, 20X2 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, (or give a true and fair view) in accordance with International Financial Reporting Standards.

We confirm the application of the Law 44/2015 "Fighting Money Laundering and Terrorism Financing", Law 55/2016 "Exchange of Information for Tax Purposes", Law 75/2016 "Cancelling Bearer Shares and Promissory Notes", in addition to any laws, decisions and circulars, issued, concerning fighting money laundering, terrorism financing and exchange of information for tax purposes.

We confirm that (to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves):

Financial Statements:

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated [insert date], for the preparation of the financial statements in accordance with International Financial Reporting Standards; in particular the financial statements are fairly presented (or give a true and fair view) in accordance therewith.

Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable (ISA 540).

- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards (ISA 550).
- All events subsequent to the date of the financial statements and for which International Financial Reporting Standards require adjustment or disclosure have been adjusted or disclosed (ISA 560).
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter (ISA 450).
- [Any other matters that the auditor may consider appropriate (ISA 580 par. 10)]

Information Provided:

- We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud (ISA 240).
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or

- Others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others (ISA 240).

We have disclosed to you in writing all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements (ISA 250).

- We have disclosed to you in writing the identity of the entity's related parties and all the related party relationships and transactions of which we are aware (ISA 550).
- [Any other matters that the auditor may consider necessary (ISA 580 par. 11)]

Management

Chairman of Board

General Manager - CEO

Management

Financial Manager - CFO

Verification Checklist Model for the Certified Public Accountant issued by the Lebanese Association of Certified Public Accountants

The Certified Public Accountant (the auditor) has to verify the following (at least):

Reference: Article 4 of Law 44/2015 on Fighting Money Laundering and Terrorist Financing

Answer yes or no for the service. If yes, specify in a separate working paper, annexed to the checklist, the details of the service or services provided with the signature of the customer in the highest appropriate administrative position and the date.

Procedures	Yes	No	Working paper	Service rendered	Remarks
Did the customer identify in writing, with signature and date, the persons on whom Article 4 of Law 44/2015 applies. (Ask for a list, signed and dated by the most senior person in management. Annex the said list.)					

Reference: Article 5 of Law 44/2015 on Fighting Money Laundering and Terrorist Financing

Answer yes or no for the service. If yes, specify in a separate working paper annexed to the checklist the details of the service or services provided with the signature of the customer in the highest appropriate administrative position and the date.

Does the auditor provide the customer with any of the following services?

Procedures	Yes	No	Working paper	Service rendered	Remarks
Buying and selling of real estate.					
Management of customers' movable and immovable assets, in particular transactions consisting of money accumulation and joint investment.					
Management of bank accounts and securities accounts.					
Organization of contributions for the establishment or management of companies					
Establishment or management of legal persons or unique legal arrangements, and buying and selling of single person enterprise or companies					
If your answer is yes to any of the above questions: Does the customer keep records of transactions whose values exceed the amount specified by the SIC (mention the amount and number and date of circular)					
If your answer is yes to any of the above questions: Was there compliance with the obligations stated in Article 4 of aforementioned law and in implementation regulations issued in relation thereto, and recommendations issued by the Special Investigation Commission at Banque du Liban.					

Reference: Article 7 of Law 44/2015 on Fighting Money Laundering and Terrorist Financing					
Procedures	Yes	No	Working paper	Service rendered	Remarks
Has the auditor identified, when preparing and carrying out transactions on behalf of customers, any suspicion of activities specified in Article 5 of Law 44/2015.					
If your answer is yes to the last question: Has the auditor sufficiently and appropriately documented and explained the case, or cases at hand, by providing sufficient and appropriate documents and details of the transaction suspected to include money laundering or terrorism financing					
Was the Chair of the SIC promptly notified of the details of the suspicious transaction identified covering money laundering and terrorism financing offences.					

Reference: Law 75 of October 27, 2016 on Cancelling Bearer Shares and Promissory Notes					
Procedures	Yes	No	Working paper	Service rendered	Remarks
Was it verified that the customer has not issued bearer shares and promissory notes after the entry into force of the present law (27/10/2017) (stock companies including companies limited by shares).					
Was it verified that companies that had bearer shares and promissory notes before the publishing of the aforementioned law have complied and are complying with the 2 items (second and third) of that article.					
Second: Notifying the holders of said shares.					
Second: Getting from the holder of aforementioned shares the name of the "beneficial owner" in whose name the exchanged shares are to be registered.					
Third: Were all rights practiced in relation to these shares prohibited, and was there verification that no owner of such shares was appointed as board member, in case the aforementioned shares were not exchanged with registered shares at the most by 27/10/2017.					
Were items 2 and 3 of paragraph 3 implemented after one year of the entry of the aforementioned law into force (the end of the one year deadline is 27/10/2017).					

Reference: Article 7 Paragraph 3 of Law 44/2015 on Fighting Money Laundering and Terrorist Financing					
Procedures	Yes	No	Working paper	Service rendered	Remarks
Does the customer have a disclosure template to identify the real beneficiary (beneficial owner).					

Reference: International Standard on Auditing 580 (ISA 580), Written Representation					
Procedures	Yes	No	Working paper	Service rendered	Remarks
Does the written representation stated in ISA 580, to be given to the auditor by the customer duly signed and dated, include an explicit and clear reference to Law 44/2015. (A paragraph in the aforementioned document in addition to another separate paragraph on compliance with laws and regulations)					

Reference: Article 17 of Law 44/2015 on Fighting Money Laundering and Terrorist Financing					
Procedures	Yes	No	Working paper	Service rendered	Remarks
Did you send to the LACPA a notification showing whether or not the tasks, prepared and carried out by auditors on behalf of their customers, are compliant with Article 5 of Law 44/2015 (annexed template)					

Reference : Decision No 1472/1 with respect to the Mechanism of Defining the "Beneficial Owner"					
Procedures	Yes	No	Working paper	Service rendered	Remarks
Did the company apply the provisions of Article 4 of Decision 1472/1 regarding keeping updated records of Beneficiary owner(s)? (Ask for a copy, signed and dated)					

The Guide Procedures has been prepared by:

- **The Lebanese Association for Certified Public Accountants**
- **Dr. Daoud Youssef Sobh**
- **Dr. Ali Hussein Badran**

And reviewed by the Special Investigation Commission (SIC)

