BANQUE DU LIBAN

Basic Circular No 120

Addressed to Banks

Attached is a copy of Basic Decision No 10120 of April 14, 2009 on "Banking Identity" (International Bank Account Number-IBAN).

Beirut, April 14, 2009

The Governor of Banque du Liban

Riad Toufic Salameh

BANQUE DU LIBAN

Basic Decision No. 10120

Banking Identity
(International Bank Account Number-IBAN)

The Governor of the Banque du Liban,

Pursuant to the Code of Money and Credit, mainly Articles 70 and 174 thereof and,

Pursuant to the Decision of the Central Council of Banque du Liban taken in its meeting of April 9, 2009,

Decides the following:

Article 1:

In accordance with international developments in the field, banks operating in Lebanon must take all necessary measures, including the modification of their software programs, for issuing and verifying the banking identity number (International Bank Account Number-IBAN), to be used in the processing of domestic and international bank transfers.

Article 2[1]:

The Lebanese IBAN consists of a compound number of twenty-eight digits that are divided as follows:

Country Code: consisting of two letters "LB" that refer to the Republic of Lebanon.

Verification Number: consisting of two digits. Its purpose is to verify the validity of the account number. It is calculated according to the computing method "MOD 97-10", indicated in the international standard ISO 7064.

Bank Identification Number: consisting of four digits. It includes the bank's number as recorded on the List of Banks registered with the Banque du Liban. In case this number is less than four digits, one zero or more shall be added starting from the left, so that it forms a four-digit number.

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[1]- This Article was amended by Article 1 of Intermediate Decision No 10290 of October 31, 2009 (Intermediate Circular No 205).

<u>Account Number</u>: consisting of twenty digits (letters and/or numbers) that refer to the customer's bank account number. In case this number is less than twenty digits, one zero or more shall be added starting from the left, so that it forms a twenty-digit number.

Article 3[1]:

When used in connection with electronic transactions, the IBAN must be filled in with no space between the digits, in the following manner:
"LBxxxxxxxxxxxxxxxxxxxxxxxxx"

However, when used in paper format, the IBAN must be printed from left to right, divided in seven groups separated by spaces, with each group formed of four digits, in the following manner:
"LBxx xxxx xxxx xxxx xxxx xxxx xxxx"

Article 4[2]:

Banks operating in Lebanon must provide their customers with the IBAN especially issued for each account used to process transfer operations requiring IBAN use. Banks must also inform their customers in due time, before the IBAN adoption date, about the rules and principles governing its use, with a clarification of its nature, objective and importance, so as to enable the concerned customers to have all necessary information and to take the necessary measures to use it.

Article 5[3]:

Starting January 1, 2010, banks operating in Lebanon must:

1- Accept and perform domestic and international bank transfers that include the beneficiary's IBAN.

2- In dealing with their clients, clearly display the relevant IBAN for the purpose of familiarizing the bank's clients with it, facilitating the processing of incoming transfers, and printing it where needed (for instance, on the statement of account, the transfer receipt form, and the checkbook cover).

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[1]- This Article was amended by Article 2 of Intermediate Decision No 10290 of October 31, 2009 (Intermediate Circular No 205).
[2]- This Article was amended by Article 3 of Intermediate Decision No 10290 of October 31, 2009 (Intermediate Circular No 205).
[3]- This Article was amended by Article 4 of Intermediate Decision No 10290 of October 31, 2009 (Intermediate Circular No 205).

3- When processing transfer operations to and from their clients' accounts, verify, with method "MOD 97-10", as indicated in the international standard ISO 7064, that the IBAN format and its verification number are both correct. Additionally, banks must reject any bank transfer order with an IBAN that is not in conformity with the above-mentioned format or the verification number (for instance, when the number is incomplete or incorrectly written).

Article 6[1]:

Starting from July 1, 2010, banks operating in Lebanon must:

1- Insert, in all outgoing transfers related to their clients' accounts, the sender's IBAN.

2- Reject all outgoing and incoming domestic bank transfer orders not containing the beneficiary's IBAN, except for domestic transfers within the bank itself.

3- Reject incoming international bank transfer orders not including the beneficiary's IBAN, except for international transfers between banks' accounts.

Article 7:

This Decision shall enter into force upon its promulgation.

Article 8:

This Decision shall be published in the Official Gazette.

Beirut, April 14, 2009

The Governor of Banque du Liban

Riad Toufic Salameh

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[1]- This Article was amended by Article 5 of Intermediate Decision No 10290 of October 31, 2009 (Intermediate Circular No 205).