



Basic Circular No 142

Addressed to Banks

Attached is a copy of Basic Decision No 12689 of October 5, 2017 relating to the Board Members' Succession Plan.

Beirut, October 5, 2017

The Governor of Banque du Liban

Riad Toufic Salamé

Basic Decision No 12689

Board Members' Succession Plan

The Governor of Banque du Liban,

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

Pursuant to Basic Decision No 9382 of July 26, 2006 and its amendments, relating to Corporate Governance; and

Pursuant to the Decision of the Central Council of Banque du Liban, taken in its meeting of October 4, 2017,

Decides the following:

Article 1:

The Board of Directors of each Lebanese bank shall adopt a documented plan called “ Board Members' Succession Plan”. Under this plan, the names of the new Chairman and members of the Board are proposed to the General Assembly at the end of the term of office of a Board member or in case of vacancy in the Board.

The Succession Plan shall be prepared in accordance with the bank's future strategy and orientations, taking into account:

- 1- The Board of Directors' structure and culture, regarding the appropriate skills, expertise and attributes that the Board's members should possess.
- 2- The competences and skills the Board of Directors should possess as a whole.
- 3- The competences that the Board of Directors' current members possess, the required competences, and their alignment with the bank's strategic orientation.
- 4- The individual competences and skills of each Board member and his/her contribution to the Board of Directors as a whole, which should concurrently include:
 - a- Technical competences, expertise, and skills (skills in financial management, accounting and audit, experience in the banking sector and strategic planning, knowledge in risk management and corporate governance, acquaintance with laws and regulations ...)
 - b- Personal competences, capabilities and attributes (efficient teamworker, constructive communication skills, time allocation and commitment to session attendance, honesty, integrity, loyalty and other high ethical standards ...)
- 5- The personality of the Board member, and its compatibility with the culture of this Board.
- 6- The new member's added value for the Board of Directors.

Article 2:

The Board of Directors shall determine the competence gaps of its members, then search for the persons having the needed competences, and propose their names to the General Assembly.

Article 3:

The Board of Directors of each Lebanese bank shall determine in the above-mentioned Plan the maximum term of office of any independent member, taking into account the importance of electing and adding new members to the Board.

Article 4:

The Board of Directors shall review the Plan on an annual basis, to ensure its compliance with the strategy of the bank and the development of its operations.

Article 5:

All Lebanese banks must promptly provide the Banking Control Commission with a copy of the Succession Plan upon its adoption, and of any amendment thereto.

Article 6:

Banks are granted a one-year time limit from the issuance date of this Decision to comply with its provisions.

Article 7:

This Decision shall enter into force upon its issuance.

Article 8:

This Decision shall be published in the Official Gazette.

Beirut, October 5, 2017

The Governor of Banque du Liban

Riad Toufic Salamé