

INNOVATE.
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Banking Outside the Box Equity Financing

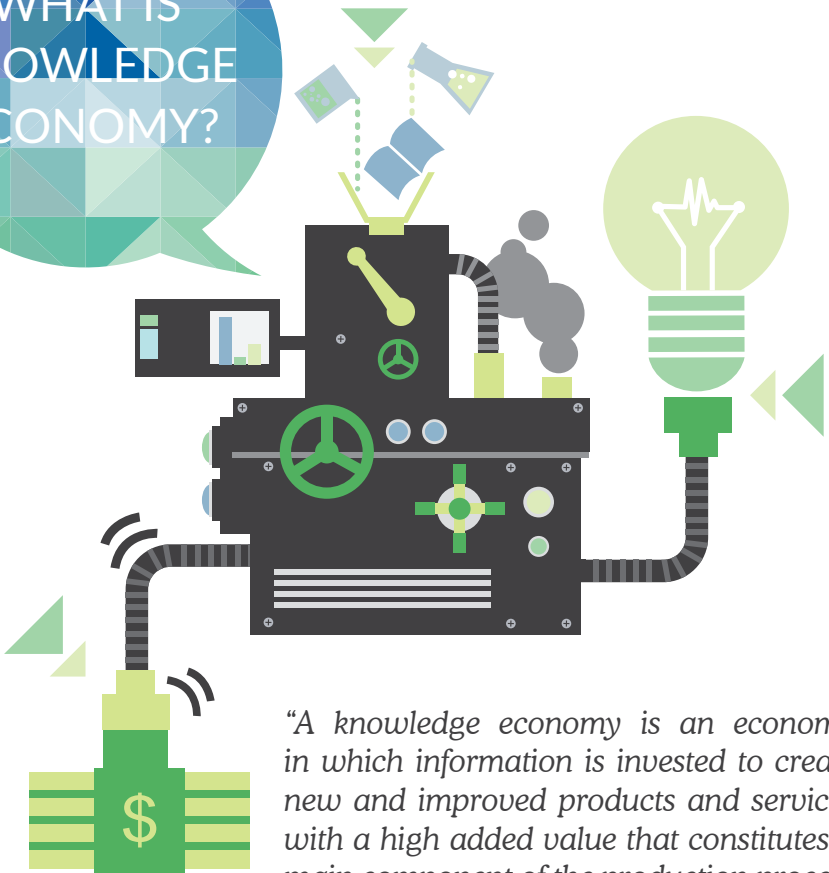
BDL Intermediate Circular 331 Dated August 22, 2013 *



مصرف لبنان
BANQUE DU LIBAN

* Amended by Intermediate Circular 367 dated August 11, 2014, and by Intermediate Circular 408 dated November 20, 2015

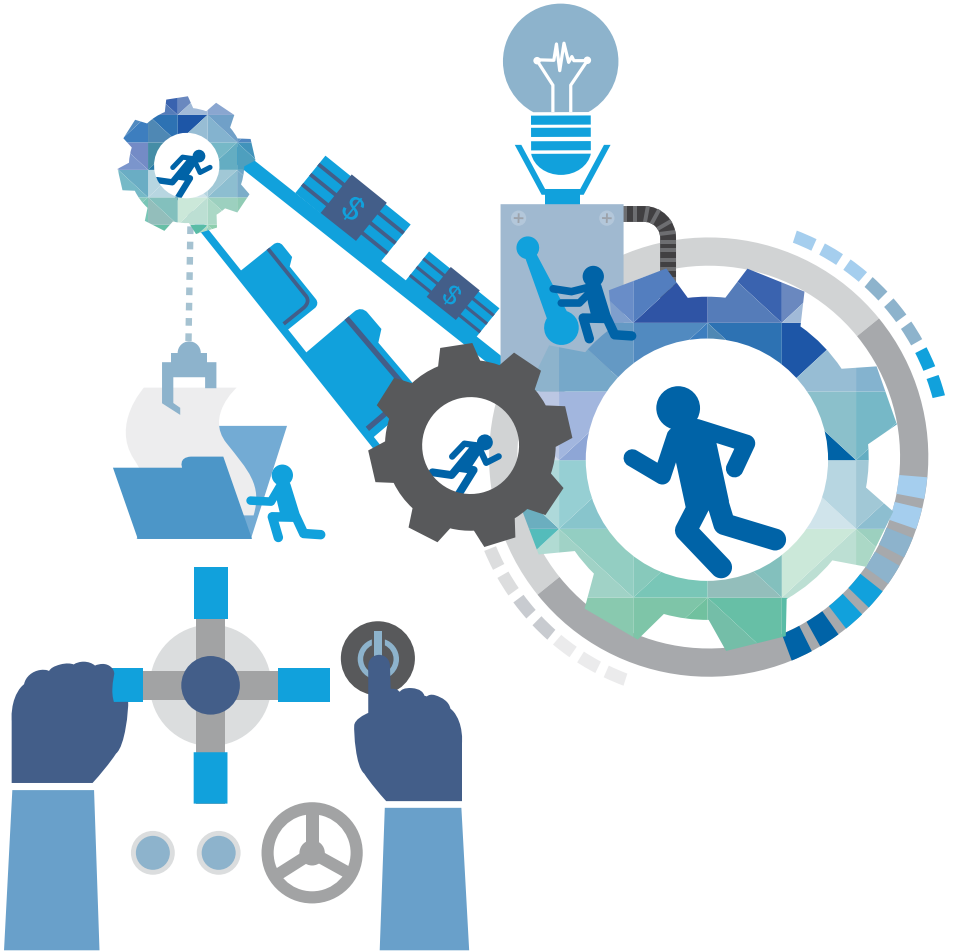
WHAT IS KNOWLEDGE ECONOMY?



“A knowledge economy is an economy in which information is invested to create new and improved products and services with a high added value that constitutes a main component of the production process and generation of wealth.

Knowledge economy plays a key role in driving economic growth, creating job opportunities, increasing GDP per capita and ensuring sustainable development”.

BDL Governor, Riad Salamé



Banque du Liban (BDL) issued on August 22, 2013 Intermediate Circular 331* with the aim of prompting banks to invest in companies that would enrich the Lebanese national wealth.

Purpose

- To foster knowledge economy
- To increase economic and social growth
- To create job opportunities
- To support creative intellectual skills (intellectual capital)

Beneficiaries

- Startup Companies
- Incubators and Accelerators
- Venture Capital Companies

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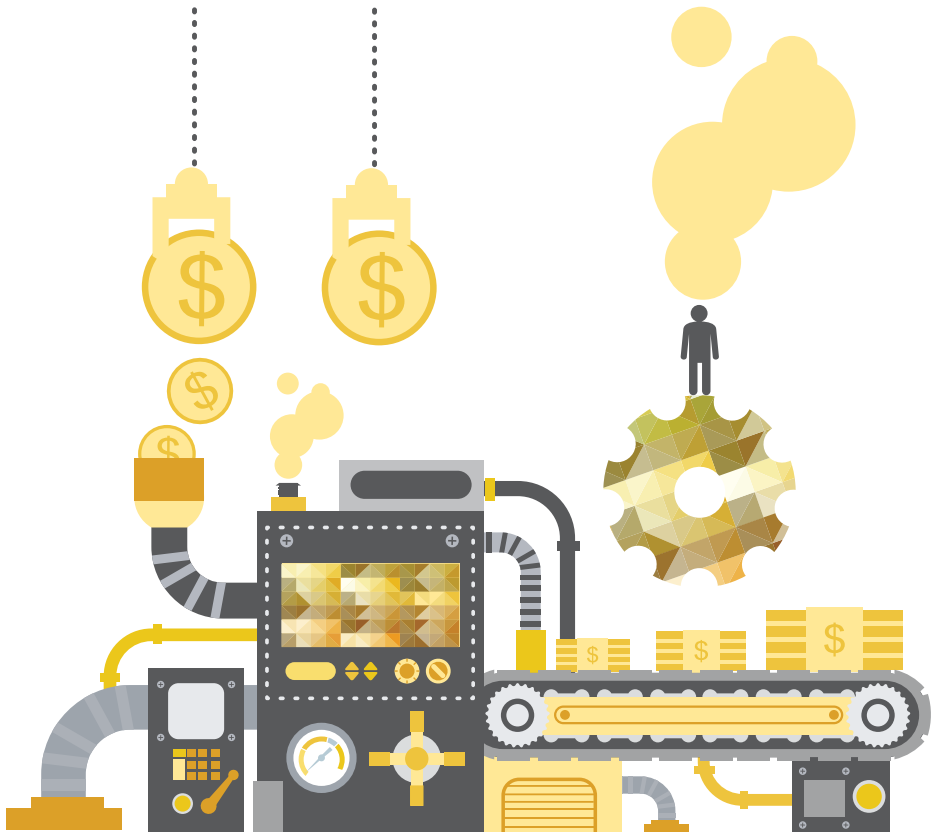
Eligibility Criteria

The beneficiary must:

- ✓ be a Lebanese joint-stock company with nominal shares (SAL);
- ✓ not be a financial or offshore company;
- ✓ be able to boost economic and social growth and create new jobs;
- ✓ have a project that is based on knowledge economy and that supports creative intellectual skills and intellectual capital.

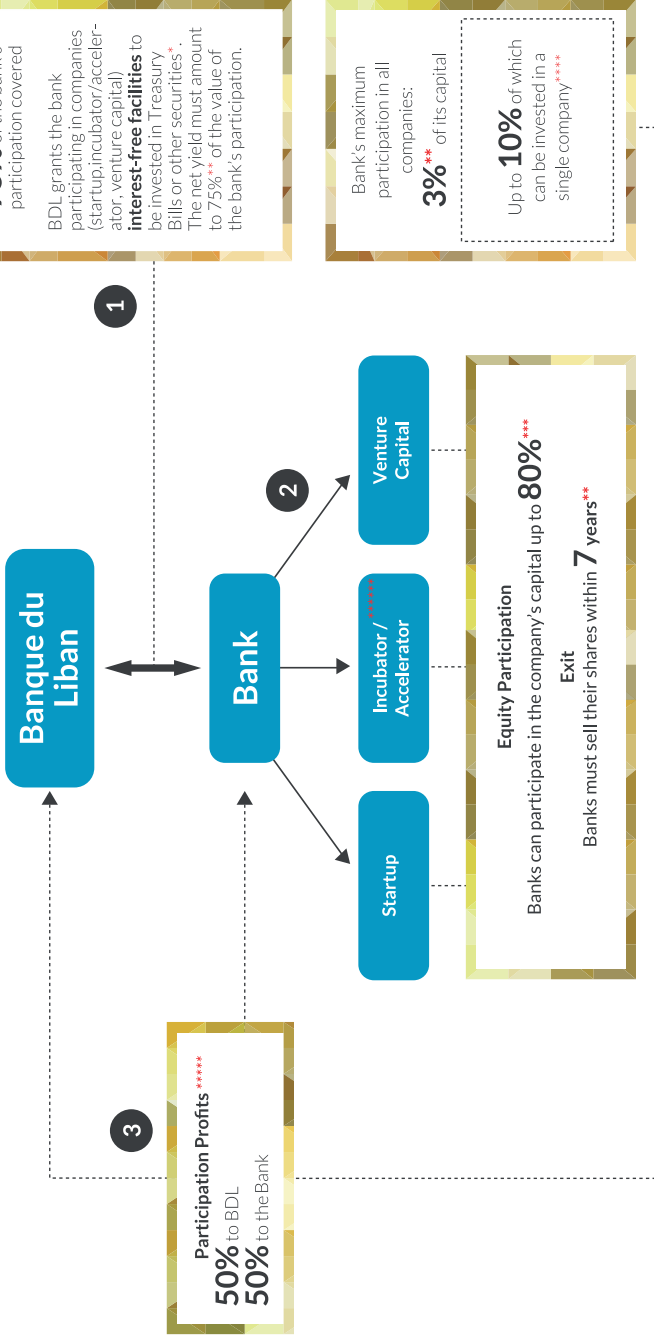
Mechanism

The following flowchart explains the process and conditions for banks' participation in startups, incubators/accelerators, and venture capital companies. It also outlines the facilities that BDL grants to participating banks.



Intermediate Circular 331

dated August 22, 2013 *****



* In case no Treasury Bills were issued, investment is then made in other accounts, operations, or securities approved by the BDL Central Council.
 ** These limits may be exceeded with the approval of BDL Central Council.
 *** This percentage may be exceeded if stock options are granted to the founders of the company.
 **** Several banks may participate in the capital of a single company with the approval of BDL Central Council.
 ***** Intermediate Circular 331 dated August 22, 2013 was amended by Intermediate Circular 367 dated August 11, 2014 which provides, inter alia, that the participating bank should receive the profits generated by its own participation before sharing the participation profits equally with BDL.
 ***** Incubators and Accelerators financed under Intermediate Circular 331 cannot own more than 5% of shares in a startup company, and only as long as such ownership is a remuneration of the services provided by these Incubators and Accelerators to the said startups. The managers of Incubators and Accelerators may not directly or indirectly invest in such startup (Intermediate Circular 408 dated November 20, 2015).

The material presented in this brochure provides the reader with basic information regarding Intermediate Circular 331. It is published for informational purposes only, and not for any other advisory objective. This brochure should not be acted upon in any specific situation without resorting to the text of Intermediate Circular 331 and seeking advice from BDL relevant staff. Banque du Liban reserves the right, as it may deem appropriate, to modify, amend or reinterpret the existing regulations, or its official policy or position.

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