

BANQUE DU LIBAN

Basic Circular 158 Addressed to Banks

Attached is a copy of Basic Decision 13335 of 8 June 2021, relating to Exceptional Measures for the Gradual Repayment of Foreign Currency Deposits.

Beirut, 8 June 2021

The Governor of Banque du Liban

Riad Toufic Salamé

Basic Decision 13335

Exceptional Measures for the Gradual Repayment of Foreign Currency Deposits

The Governor of Banque du Liban,

Pursuant to the Code of Money and Credit, particularly Articles 70 and 174 thereof;
Pursuant to Basic Decision 7926 of 20 September 2001 and its amendments relating to
the Mandatory Placements of Banks,

In order to preserve public interest under the exceptional circumstances prevailing in
the country; and

Pursuant to the Decision of the Central Council of Banque du Liban, taken in its
meeting of 4 June 2021,

Decides the following:

Article 1¹:

Each bank operating in Lebanon must act as necessary to ensure the gradual repayment of foreign currency deposits in accounts opened prior to 31 October 2019, as per the conditions and mechanism specified below.

Article 2:

First²: In order for any resident or non-resident natural person holding an account (hereunder Account Holder), to benefit from the provisions of this Decision, the total balances of all foreign currency credit accounts held by that person prior to 31 October 2019 at each bank separately, shall be taken into account, including related accounts in which that person is a party, participant, or beneficiary (e.g. joint accounts titled with an “and” or an “and/or”), on condition that:

- a- These balances are calculated as closed on 30 June 2021, provided that this amount is still available when the Account Holder benefits from the provisions of this Decision, and that it does not exceed the balance available on 31 October 2019.
- b- These balances do not include:
 - The balance of foreign-currency accounts blocked as cash collateral and cash margin against bank loans or facilities, and contingent liabilities.
 - The balances of fresh accounts as defined in Basic Decision 13217 of 9 April 2020 (BDL Basic Circular 150).
 - The amounts converted from Lebanese pound into foreign currencies after 31 October 2019.

¹ This Article was amended pursuant to Article 1 of Intermediate Decision 13352 of 5 August 2021 (Intermediate Circular 592).

² This Paragraph was amended pursuant to Article 2 of Intermediate Decision 13352 of 5 August 2021 (Intermediate Circular 592).

- c- These balances are reduced solely by:
- The value of foreign currency cash withdrawals (in banknotes), outgoing international transfers, including to students, local transfers executed through a foreign correspondent, and amounts used abroad with bank cards, after 31 October 2019, and not from fresh money as per the definition of Basic Decision 13217 of 9 April 2020 (BDL Basic Circular 150).
 - The portion of the Account Holder's foreign currency debit accounts at the concerned bank, that was and will be repaid in Lebanese pound as per Article 3 bis, Paragraph "Fifth" of Basic Decision 7776 of 21 February 2001 (Basic Circular 81 amended by Intermediate Circular 568) until 30 June 2022 or until the full repayment of these debit accounts, whichever comes first.
- d-¹ The Account Holder shall benefit from the provisions of this Decision on the accounts considered to be a continuation of his/her accounts opened at the same bank prior to 31 October 2019, particularly for calculating the accounts' activity and the reductions imposed by the provisions of this Decision. (These accounts include, for instance, the joint account changed to individual account, the individual account changed to joint account, the account transferred to heirs or legatees, or the blocked account changed to current ...).
- For the purposes of implementing this Subparagraph (d), the Holder of the main account from which these amounts are transferred, shall be the only one to benefit from its provisions. In case of death, the heirs or legatees shall benefit from the provisions of this Decision up to the limits specified in Article 4, Paragraph "First" below.

Second: No Account Holder shall benefit from the provisions of this Decision if he/she is among the persons listed in Article 2 of Basic Decision 13262 of 27 August 2020 (Basic Circular 154) and has not returned the proportion required. This will not however prejudice the obligation for the concerned bank to urge its customer to return the required proportions of funds transferred abroad.

Third²: The Account Holder shall not benefit from the provisions of Basic Decision 13221 of 21 April 2020 (Basic Circular 151) on any individual account, or joint account titled with "and" or "and/or", as long as he/she benefits from the present Decision at the same bank. However, this will not preclude his/her right to benefit from the provisions of Basic Decision 13221 of 21 April 2020 (Basic Circular 151) at any other bank.

If one of the co-holders of the joint account benefits from the provisions of this Decision, the other co-holder may not benefit from the provisions of Basic Decision 13221 of 21 April 2020 (Basic Circular 151) on that joint account; however, he/she may benefit from Basic Decision 13221 on his/her other accounts if he/she does not benefit from the provisions of this Decision.

Employees and wage-earners who are paid in US Dollar may benefit from the provisions of Basic Decision 13221 of 21 April 2020 for the sole purpose of withdrawing their salaries; this will not deprive them of their right to benefit from the provisions of this Decision.

¹ This Paragraph was added pursuant to Article 1 of Intermediate Decision 13369 of 29 September 2021 (Intermediate Circular 597).

² This Paragraph was amended pursuant to Article 2 of Intermediate Decision 13369 of 29 September 2021 (Intermediate Circular 597).

Article 3:

First: Upon the issuance of this Decision, banks shall promptly identify and notify the customers who satisfy the conditions specified herein.

Second: If the Account Holder intends to benefit from the provisions of this Decision, he/she must ask the concerned bank to open a Special Sub Account and the bank shall satisfy his/her request under penalty of the sanctions set out in this Decision.

Third¹: An amount equivalent to, or below USD 50,000 shall be transferred to that Account, depending on the funds available in the accounts held by the Account Holder in US Dollar or in any other foreign currency at the concerned bank. However, the Account Holder may request to transfer to the Special Sub Account an amount of USD 10,000 in order to benefit from the provisions of this Decision for a one-year period at the end of which, contrary to the provisions of the second item of Paragraph Fifth of this Article, he/she is free to request the transfer of additional amounts to that Account within the above-mentioned maximum limit, in a way to continue benefiting from the provisions of this Decision until the end of their implementation period.

Fourth: In case the Account Holder owns several accounts at a specific bank, he/she must specify which account(s) will be used for the transfer to the Special Sub Account. If the account is a joint account titled with “and/or” or “and”, the maximum amount to benefit from shall be USD 50,000 or its equivalent. The joint accounts’ co-holders shall convene on the percentage to be assigned to each of them to benefit from the provisions of this Decision. In case one of them decides not to benefit therefrom, any of the remaining co-holders may benefit from the authorized maximum limit². If a joint account’s co-holder owns also an individual account and decides to benefit from that individual account, his/her co-holder may benefit from the joint account².

Fifth: The properties and conditions below shall apply to the Special Sub Account:

- No commissions or expenses of any kind are charged to this Account that will bear no interest.
- No incoming transfer or deposit is accepted in this Account, once it is opened and the amounts specified in Paragraph “Third” of this Article transferred thereto.
- Withdrawals from this Account are made under the conditions of Article 4 below.

Sixth: To benefit from the provisions of this Decision, the Account Holder shall lift banking secrecy on the Special Sub Accounts exclusively, and not on all his/her other accounts, and solely in favor of Banque du Liban and the Banking Control Commission, according to attached Form (BDL-BDR-01-PP)³.

¹ - This Paragraph was amended pursuant to Article 4 of Intermediate Decision 13352 of 5 August 2021 (Intermediate Circular 592).

² - This Paragraph was added pursuant to Article 5 of Intermediate Decision 13352 of 5 August 2021 (Intermediate Circular 592).

³ - The phrase “according to attached (BDL-BDR-01-PP) form” was added pursuant to Article 6 of Intermediate Decision 13352 of 5 August 2021 (Intermediate Circular 592).

Seventh¹: Banks are prohibited from imposing any obligations, conditions, commitments, or procedures not specified in this Decision, in the agreements they sign with the customers intending to benefit from the provisions of this Decision, or in any statement, commitment, or document signed by such customers.

Eighth²: The Account Holder or his/her duly authorized representative is granted a time-limit ending on 31 October 2021 to request the opening of the Special Sub Account and be entitled to benefit from the provisions of this Decision, with a retroactive effect for the period running from 1 July 2021 to the opening of the Special Sub Account, in a way that the amounts due for that period shall be paid in full on the date of the first payment, for the months during which the Account Holder did not benefit from the provisions of Basic Decision 13221 of 21 April 2020 (Basic Circular 151).

In all cases, on whatever date after 31 October 2021, and as long as this Decision remains in force, the Account Holder or his/her duly authorized representative is entitled to benefit from its provisions as of the month in which the Special Sub Account is opened, provided he/she did not benefit, during that month, from the provisions of Basic Decision 13221 of 21 April 2020 (Basic Circular 151).

Article 4:

First: Withdrawals from the amount transferred to the Special Sub Account shall take place as follows:

- 1- A monthly amount of USD 400 paid in banknotes to the Account Holder, and/or by way of an outgoing international transfer and/or bank cards to be used in Lebanon or abroad and/or deposit in a Fresh Account, on condition that the total annual amount that may be withdrawn in US Dollar from all banks, under this Subparagraph (1), does not exceed USD 4,800.
- 2- ³ Additionally, the monthly equivalent of USD 400 in Lebanese Pound, at the rate of 12,000 LBP for one USD, 50% of which is paid in banknotes to the Account Holder, and 50% through bank cards, on condition that the total annual amount that may be withdrawn from all banks in Lebanese pound under this Subparagraph (2) does not exceed the equivalent of USD 4,800 at the aforementioned rate.
- 3- ⁴ In case two or more persons benefit from joint accounts titled with “and” or “and/or”, as per the provisions of this Decision, the amounts specified in Subparagraphs (1) and (2) above are paid on a *pro rata basis*, i.e. in the proportion assigned to each person regarding the amounts transferred from these joint accounts to the Special Sub Account.

¹- This Paragraph was added pursuant to Article 7 of Intermediate Decision 13352 of 5 August 2021 (Intermediate Circular 592).

²- This Paragraph was added pursuant to Intermediate Decision 13352 of 5 August 2021 (Intermediate Circular 592), then amended pursuant to Article 3 of Intermediate Decision 13369 of 29 September 2021 (Intermediate Decision 597).

³- This Subparagraph was amended pursuant to Article 8 of Intermediate Decision 13352 of 5 August 2021 (Intermediate Circular 592).

⁴- This Subparagraph was added pursuant to Article 9 of Intermediate Decision 13352 of 5 August 2021 (Intermediate Circular 592).

Second: The Account Holder may withdraw, at any time, all or part of the above-mentioned amounts. If the monthly authorized limit is not withdrawn, the undrawn amounts shall be carried forward to the following months, and shall remain in his/her account as an established right and may be withdrawn at any time.

Third: The Account Holder may withdraw all or part of the amount deposited in the Special Sub Account by way of cheques or transfers to another account in Lebanon at the same bank or at another bank. In that case, the Account Holder is deemed as relinquishing the amounts he/she is entitled to withdraw for the time period following this transfer or withdrawal.

Fourth: Banks must communicate to the Special Sub Account Registry mentioned in Article 7 below, on a monthly basis, the balances of Special Sub Accounts opened at those banks and their monthly withdrawals. This Registry must verify any misuse by the Account Holder, particularly if he/she has exceeded the above-mentioned withdrawal limit; in that case, the Registry shall notify the Governor to act as necessary and to suspend the Account Holder's right to benefit from the provisions of both this Decision and Basic Decision 13221 of 21 April 2020 (Basic Circular 151).

Fifth: Banks may not refrain from paying the monthly amounts due to each Account Holder under the provisions of this Article, unless Banque du Liban so requests pursuant to Paragraph "Fourth" of this Article.

Article 5:

The liquidity needed to meet the requirements of this Decision shall be secured equally from the concerned bank's liquidity at foreign correspondent banks and from banks' foreign-currency mandatory placements at Banque du Liban that the latter will release for this purpose.

Banque du Liban shall transfer, on a monthly basis, the amounts due to each bank bound by the provisions of this Decision, from BDL foreign liquidity abroad, the concerned bank shall be held liable if these amounts are used for purposes other than those specified in this Decision.

Article 6:

First: To secure the liquidity required under this Decision, banks may use their foreign liquidity abroad within the percentage of 3% mentioned in Basic Decision 13262 of 27 August 2020 (Basic Circular 154), on the condition that this percentage is reconstituted by 31 December 2022.

Second: To pay the amounts due under this Decision, banks are prohibited from using:

- Fresh accounts opened as per Basic Decision 13217 of 9 April 2020 (Basic Circular 150 amended by Intermediate Circular 554).
- The funds that were returned as per the provisions of Article 2 of Basic Decision 13262 of 27 August 2020 (Basic Circular 154).

Article 7:

A Special Sub Account Registry shall be established at BDL Banking Department, and its role shall be limited to:

- Monitoring the implementation of the provisions of this Decision.
- Providing BDL Governor with monthly reports on the balances of, and monthly withdrawals from Special Sub Accounts at each bank, and with any breach of the implementation of this Decision.

Article 8:

Any bank that does not comply with the provisions of this Decision, is bound to return to BDL's account at foreign correspondents, the foreign liquidity in foreign currencies provided by BDL, and may incur the penalties specified in Article 208 of the Code of Money and Credit.

Article 9:

External auditors at the concerned banks must verify the sound implementation of the provisions of this Decision and must notify the BDL Governor and the Chairman of the Banking Control Commission of Lebanon of every violation thereof.

Article 10¹:

The Unit in charge of implementing the policy relating to "The Principles of Banking and Financial Operations with Customers", established by Basic Decision 11947 of 12 February 2015 (Basic Decision 134), shall receive, examine, handle and settle any claim or complaint submitted by any Account Holder in relation to the implementation of this Decision, and shall inform the Account Holder of the decision taken.

This Unit shall communicate to the Banking Control Commission, on a periodical basis, the complaints received in this respect.

Article 11:

This Decision shall be effective as of 30 June 2021 and its conditions shall apply for a modifiable or renewable one-year period, and it shall remain in force until the release of all funds transferred to the Special Sub Account.

¹ This Article was amended pursuant to Article 10 of Intermediate Decision 13352 of 5 August 2021 (Intermediate Circular 592).

Article 12:

This Decision shall be published in the Official Gazette.

Beirut, 8 June 2021

The Governor of Banque du Liban

Riad Toufic Salamé