

LAW NO 161 OF AUGUST 17, 2011

CAPITAL MARKETS

Chapter One

Scope of the Law and Terminology

Article 1: Scope of the Law

The provisions of this Law shall govern all operations related to the issuance, purchase, sale, or marketing of Financial Instruments that are directly offered for Public Subscription, or that are purchased or sold on behalf of the public, in addition to Financial Instruments listed or traded on the Stock Exchange, and the Financial Instruments and financial rights authorized by the Capital Markets Authority established pursuant to Article 3 of this Law. The provisions of this Law shall also govern commodity markets, metal markets and other similar markets.

Article 2: Definitions

For the purpose of implementing this Law, the following expressions shall have the meanings ascribed to them below:

CMA: the Capital Markets Authority

Board: the Board of the Capital Markets Authority

Distribution: the process through which Financial Instruments are to be offered to the public and subjected to the control of the CMA.

Bonds: debenture bonds representing a debt due by the Issuer according to the definitions of the Code of Commerce, as well as Lebanese Treasury bills and bonds.

Stock Exchange: the market, trading platform, place, electronic system, or information system which systematically consolidates purchase and sale orders of Financial Instruments and which is licensed under this Law.

Issuance: the process followed by an Issuer to grant investors the right to subscribe to or purchase Financial Instruments during a specific Distribution period.

Issuer: any legal entity of public or private law, or any collective investment scheme that issues, or offers to issue, Financial Instruments for the purpose of subscription or public offer.

Stock Exchange Listed Financial Instruments: Financial Instruments that have been approved by the CMA to be listed and traded on a specific stock exchange.

Public Companies: For the purposes of this Law, a company shall be deemed public whenever the subscription to its capital is public i.e. offered to the general public.

MIDCLEAR: The Custodian and Clearing Center of Financial Instruments in Lebanon and the Middle-East, a Lebanese joint-stock company established pursuant to Law 139 of November 26, 1999, that acts as the exclusive central depository of Financial Instruments and securities which are traded on any regulated capital market in Lebanon.

Listed Companies: companies whose shares are listed or traded on a specific Stock Exchange.

Public Subscription: subscription to Financial Instruments offered to the public, in accordance with the legal or regulatory standards set under this Law.

Financial Instruments shall mean:

- a) Stocks, Bonds or shares issued by a public or private company or Entity.
- b) Debenture bonds, stocks, Bonds, notes, certificates of deposit, depository receipts or Treasury bills and bonds.
- c) Financial rights, options, futures, and all derivatives or structured financial products.
- d) Other financial instruments provided for and authorized by the applicable laws and regulations, except those explicitly excluded under this Law.

Operations on Financial Instruments: such operations include financial intermediary operations, consulting, portfolio management, bookkeeping, and safeguarding financial instrument deeds.

Underwriter: the person who guarantees the sale of Financial Instruments by purchasing them from the Issuer, in whole or in part.

Underwriting Process: the Distribution process by which the Underwriter and the Issuer agree to guarantee the issuance or sale of specific Financial Instruments to the public in a direct or indirect manner in addition to the payment of the agreed price to the Issuer.

Implementation Rules: the regulations, circulars, instructions, directives and recommendations set by the CMA to implement the provisions of this Law.

Internal Regulations: the bylaws governing the CMA's structure.

Entity: any entity, other than the CMA, that is governed by the provisions of this Law.

Chapter Two

Capital Markets Authority

Part I

Establishment and Functions of the CMA

Article 3: Establishment of the Capital Markets Authority

Under this Law, a national authority for capital markets shall be established and named “the Capital Markets Authority” (hereinafter the “CMA”), having its headquarters in Beirut. The CMA shall consist of:

- the Board
- the Secretariat
- the Capital Markets Control Unit
- the Sanctions Committee

For the purposes of fulfilling its mission, the CMA shall coordinate and cooperate with its counterparts, as well as Banque du Liban and any other concerned authority or institution in Lebanon or abroad.

Article 4: Autonomy of the CMA

The CMA is deemed a legal entity of public law, with administrative and financial autonomy. The CMA is neither subject to the administrative and operational management rules that govern public sector institutions nor to their control procedures.

Article 5: Functions of the CMA

The CMA ensures the protection of savings invested in Financial Instruments, encourages the capital markets in Lebanon, and coordinates between the various concerned sectors. For this purpose, the CMA shall perform all functions and activities entrusted to it, including but not limited to:

- a- Organizing and developing capital markets in Lebanon, and promoting their use by investors and Issuers in Lebanon and abroad;
- b- Reducing systemic risks in capital markets;
- c- Protecting investors from illegal, irregular or unfair practices, including the prohibition of direct or indirect insider trading;
- d- Organizing the availability of information to those distributing Financial Instruments to the public;
- e- Setting the work frame and organizing the professional activities of the persons who perform operations on Financial Instruments, while monitoring their compliance with professional ethics;
- f- Regulating and supervising the work of licensed Stock Exchanges, and the persons who provide deposit, clearing or settlement services;
- g- Setting the general regulatory framework for listing Financial Instruments and approving their trading on stock markets;

- h- Granting licenses to financial intermediaries who provide services to investors and Issuers;
- i- Granting licenses to financial rating agencies, and defining and regulating their functions and work process;
- j- Licensing collective investment schemes, including securitization funds;
- k- Sanctioning administrative violations of this Law and of its implementation rules; and
- l- Initiating legal action for insider trading crimes and for the circulation of false or misleading information regarding securities or Financial Instruments, or concerning their Issuers.

Part II

Bodies of the CMA and their composition

Section I- Board of the CMA

Article 6: Composition of the Board

The management of the CMA is vested in a Board formed of seven members:

- the Governor of Banque du Liban or his legally designated alternate, (Chairman)
- the Director General of the Ministry of Finance or his legally designated alternate, (member)
- the Director General of the Ministry of Economy and Trade or his legally designated substitute, (member)
- the Chairman of the Banking Control Commission or his legally designated substitute, (member)
- three experts, (members)

One of the above experts must possess banking matters expertise and shall be proposed by the Lebanese Banking Association. The second must be an expert in capital markets and shall be suggested by Stock Exchanges and in case there is only one Stock Exchange, the suggestion shall be made by the Beirut Stock Exchange which is established and regulated under Legislative Decree No 120 of September 16, 1983.

The third expert must be an expert in financial matters, and shall be suggested by the Minister of Finance.

Article 7: Procedures for the appointment of Board members

- 1- The experts of the Board shall be appointed by decree taken in the Council of Ministers upon proposal of the Minister of Finance, for a five-year term renewable once, according to the following procedure:

The Lebanese Banking Association and the Stock Exchanges mentioned in Article 6 shall each submit a list of three experts to the Minister of Finance, who will select one person from each list to be proposed to the Council of Ministers.

The Board shall elect one of the experts as vice-Chairman. In case the Chairman or his designated alternate is unable to perform his duties for any reason; the vice-Chairman shall replace him and shall be vested with all his powers throughout the period of impediment.

Prior to initiating their term of office, the Chairman and members of the Board shall take an oath, before the President of the Republic, to faithfully and honestly fulfill their duties with impartiality

and autonomy, while ensuring the implementation of the applicable laws and regulations and preserving the confidentiality of the position assigned to them.

The Chairman and all members shall act as independent board members within the Board and not by the quality that led to their appointment to the Board, nor as representatives of the entities which suggested them.

- 2- Apart from voluntary resignation, a Board expert may not be dismissed, except in one of the following cases:
 - a- A proven medical incapacity preventing the fulfillment of his duties;
 - b- A failure to fulfill his functions, as specified in the Penal Code;
 - c- A serious mismanagement error;
 - d- A serious infringement of the provisions of this Law and/or its implementation rules; or
 - e- A court ruling or an indictment for a committed offence punishable by imprisonment for one year or more.

The dismissal shall be enacted by a decree taken in the Council of Ministers, upon proposal of the Minister of Finance.

- 3- In case the position of Chairman or of his designated alternate becomes vacant for any reason, the vice-Chairman shall assume the functions of Chairman until the appointment of a new Governor of the Banque du Liban.

In case the position of any expert member becomes vacant, a successor shall be appointed in accordance with the procedures specified in this Article. The expert whose term of office has ended shall continue to fulfill his duties until the appointment of his successor.

Article 8: Conditions for the appointment of Board members

- 1- All Board Expert members must hold a university degree and have at least fifteen years of effective experience, as well as possess the moral and ethical characteristics required for their functions. Expert members must devote all their time to the CMA. No Board Expert member shall hold concurrently any other position, whether parliamentary, ministerial, municipal, mayoral or any public sector job, nor shall any Board Expert member engage in any institutional activity or any professional work whether remunerated or not. In case the Expert members are elected or appointed and accept such election or appointment, they must immediately resign from all previous positions prior to starting their term of office.
- 2- Board experts may not sit, within one year from the end of their term, as Chairman or member of an institution affiliated to the capital markets in Lebanon, nor hold directly or indirectly a position or function therein, or act as its representative, whether remunerated or not.
- 3- In accordance with the provisions of the law on illegal enrichment, Board members must submit a statement on their private wealth, and that of their respective spouses and minor children.
- 4- Subject to invalidating the deliberation, the Chairman or any member of the Board is prohibited from:

- Deliberating on an issue in which such member has a direct or indirect interest, or has had such interest during the past two years;
- Deliberating on an issue concerning a legal entity in which such member has held a position or term of office during the past two years;
- Participating in a deliberation about an issue in which such member has held a proxy or represented one of the concerned parties; and
- Participating in a deliberation regarding an issue in which such member was previously appointed as a counselor or arbitrator by one of the concerned parties.

The Chairman or any member of the Board must recuse on their own accord in any of the above-mentioned cases.

Any qualified or concerned party may request the recusal of the Chairman or any member of the Board in any of the above-mentioned cases.

The recusal or demand of recusal must be submitted to the Capital Markets Court. The Court shall deliberate on the issue and deliver a final and enforceable decision that may be appealed solely in front of the Supreme Court, as provided for in Article 23, Paragraph 1 of this Law.

- 5- During their term of office, the Chairman and members of the Board are prohibited from keeping, taking or accepting any participation, interest or benefit in any institution, directly or indirectly related to the capital markets. Shall be considered an interest, the holding of Financial Instruments listed or to be listed on the Lebanese capital markets.

This prohibition shall apply to the spouse, ascendants, descendants, brothers and sisters who are still dependent on the Chairman or any member of the Board.

- 6- The Chairman and members of the Board shall be subjected to the provisions of Article 127, Paragraphs 1 and 2 of the Code of Money and Credit.

Article 9: Meetings of the Board

- 1- The Board shall hold its meetings at least twice a month upon convocation by the Chairman. Exceptional meetings may be called for by the Chairman upon the request of two of the Board members to examine an important or urgent issue that necessitates an urgent decision by the Board.
- 2- If no action is taken by the Chairman to call for the exceptional meeting within one week of receipt of the relevant written request, or if the Chairman designates a date of meeting that falls more than two weeks after the date of receipt of the said request, two members of the Board may call the Board for such an exceptional meeting.
- 3- Notwithstanding the mandatory full attendance of the members in the first meeting following the oath, at least four members including the Chairman or his designated alternate must be present in order to meet the quorum in any subsequent Board meeting. Decisions shall be taken by a majority of the votes of members present. The Chairman shall have a casting vote in case of a tie.
- 4- The Chairman of the Board may request the attendance of any individual if he deems that such individual's opinion on a specific matter must necessarily be heard. The Board deliberations in that case must take place in the absence of the said individual.

Article 10: Functions of the Chairman and vice-Chairman of the Board

The Chairman of the Board shall have the executive powers to manage the CMA, conduct its business, and carry out its organizational and daily work. The Chairman shall, among others, have the authority to sign on behalf of the CMA on all documents, contracts and agreements, including cooperation agreements with foreign counterparts.

The Chairman of the Board shall represent the CMA towards third parties, authorize any legal action before the courts, and take any executive procedure deemed necessary.

The vice-Chairman of the Board shall perform the functions assigned to him in the special regulations stipulated in Article 11 of this Law.

Article 11: Powers of the Board

In order to fulfill the goals of the CMA as set out in Article 5 of this Law, the Board shall have the following prerogatives:

I- Protecting and promoting investment in Capital Markets

The Board may:

- a- Adopt the required procedures and measures for the protection and promotion of the investment in securities and Financial Instruments offered for Public Subscription or purchase.
- b- Examine the implications and effects of the relations between national and foreign stock exchanges.
- c- Decide, in exceptional circumstances, to suspend the work of a Stock Exchange for a period of no longer than 48 hours, renewable if the Board deems its resumption detrimental to public interest or to the interests of investors.
- d- Take adequate measures to ensure the continuity of work in a Stock Exchange, in case of any impediment.

II- Setting Capital Markets General Regulations

The Board has the exclusive authority to set:

- a- The implementation rules, and the general/individual instructions and directives, issued under this Law.
- b- The regulations concerning the establishment and management of Stock Exchanges, the membership rules thereof, the conditions of registering and trading securities and Financial Instruments, the types of possible operations performed, and all charge rates, proportional or lump-sum fees, or contributions due and the penalty in case of non-payment, in addition to all other matters necessary for the proper operation of Stock Exchanges.

- c- The regulations concerning the establishment and functioning of financial intermediation institutions, the investment of funds by the public in securities and Financial Instruments, or in collective investment schemes dealing with securities and all other Financial Instruments.
- d- The code of conduct to be followed by Stock Exchanges and their employees, as well as by financial service providers and their employees.
- e- The regulations concerning the obligations of financial instrument Issuers, in terms of publishing and disclosing to the public price-sensitive information.
The regulations of this paragraph must clearly and accurately specify the obligations of the concerned parties, as well as the control procedures and the administrative and disciplinary sanctions to be imposed in case of violation.
- f- The regulations concerning the functions of the vice-Chairman of the Board and all other members.

The regulations and general instructions and directives issued by the Board under this Law shall be published in the Official Gazette and posted on the website of the CMA.

III- Authorization, approval and ratification

The Board is entitled to:

- a- Grant the license for the establishment of the following institutions and schemes:
 - Institutions whose object is to manage and conduct the business of Stock Exchanges, provided such institutions are established as Lebanese joint-stock companies;
 - Institutions of financial intermediation and investment of funds;
 - Collective investment schemes dealing in securities and other Financial Instruments;
 - Investment schemes in securitization operations;
 - Islamic schemes for investment and securitization;
 - Financial consultants and all other institutions providing services related to Financial Instruments; and
 - Financial rating agencies.

The license shall approve the bylaws of the above-mentioned institutions and schemes.

The license shall be granted according to the requirements of public interest and the Board has discretionary power to grant or refuse such license. The Board's decision must be justified and delivered in writing, and is not subject to any kind of review. Any amendment to the bylaws of the licensed institutions and schemes is contingent upon the prior approval of the Board.

- b- Approve the regulations set by the Administrations of Stock Exchanges concerning the transactions undertaken on such Stock Exchanges.

To become effective, such regulations must be ratified by the Board.

- c- Ratify the decisions taken by the Administration of each Stock Exchange concerning the registration of securities and Financial Instruments. Trading in such securities and instruments is prohibited until the ratification decision is issued and notified to the said Administration.

The Board may refuse to ratify a decision or may revoke a ratified decision, if it finds that trading in specific securities or Financial Instruments is risky for investors, or if it finds an important deficit in the financial status of the issuing companies or schemes or that their external auditors have failed to properly discharge their duties.

Notwithstanding the provisions of Paragraph (c), Lebanese Treasury bills and Bonds, public institution bonds guaranteed by the Lebanese State, and securities issued by public utility companies, shall be automatically listed and traded on Stock Exchanges. The said institutions and companies shall remain subjected to the obligations that are imposed by this Law on all other institutions and schemes.

- d- Suspend, automatically or upon the request of an injured party, any decision taken by a Stock Exchange if the Board considers that it contravenes the provisions of this Law and/or the regulations in force. The suspension request must be submitted by the injured party within a period not exceeding five working days from the notification date of the said decision.

IV- Work organization at the Board

- a- Within three months from the date of the oath taken pursuant to Article 7 of this Law, the Board shall establish its work rules and the CMA's financial regulations, including regulations pertaining to the compensation of the Chairman and members of the Board, the Sanctions Committee's head and members, the CMA's Secretary-General and the Secretariat staff, the Capital Markets' Control Unit's head and staff, and the CMA's staff members and contract employees, who are also governed by the Labor Law and the Social Security Law.

The regulations relating to the compensation of CMA's Board members, staff members and contractual employees shall be subject to the approval of the Minister of Finance.

The above-mentioned period may be extended for three months, by decree taken in the Council of Ministers upon the proposal of the Minister of Justice and the Minister of Finance.

- b- The Board shall organize in a proper manner the CMA's departments in a way that ensures the execution of the functions assigned to it by this Law.
- c- The Board shall appoint the CMA's staff from all categories, and shall enter into contracts with experts, and determine their salaries and benefits, on the basis of transparent procedure, merit, competence and competitive examination.
- d- The Board shall adopt the CMA budget and incorporate all the necessary amendments thereto during the fiscal year.
- e- The Board shall close the fiscal year accounts.

- f- The Board shall prepare an annual report on the activities of the CMA which shall be submitted annually to the Minister of Finance by the end of June. The above-mentioned report, the budget, and the Income Statement shall be annually published in the Official Gazette during the month of July.

V- Consultancy

The Board shall issue opinions on the draft of laws and decrees that relate to the operation and development of capital markets.

The administration of a Stock Exchange or any professional institution dealing with Stock Exchanges may consult the Board prior to performing any Stock Exchange transaction to obtain the interpretation of the regulations set by the Board, including the general directives and instructions issued under this Law, or to request the Board's opinion concerning the conformity of the prospective operations with these regulations.

VI- Receiving complaints

The Board shall receive the complaints, requests and objections concerning all matters falling within its competence and shall seek to settle them. If the Board deems it necessary, it shall refer the claims to the Capital Markets Control Unit or to the competent disciplinary or juridical authorities.

Article 12: Objection to the Board's decisions

The regulatory decisions of the Board shall be contested before the Council of State, whereas the individual decisions may be contested before the Capital Markets Court established by virtue of this Law.

Objections to regulatory decisions must be presented not more than two months after the date of publication of such decisions in the Official Gazette, and objections to individual decisions must be presented within one month from the date of the notification of such decisions to, or their execution by the concerned party.

The objection shall not operate as judicial stay to the enforcement of the regulatory decision except under the conditions stipulated by the law governing the Council of State. The objection does not stay the enforcement of the individual decision unless the Capital Markets Court has so decided.

SECTION II The Secretariat of the CMA

Article 13: The establishment of the Secretariat of the CMA

- 1) An administrative body to be known as the "Secretariat of the CMA" shall be established by this Law. The head of the Secretariat shall be the Secretary-General that shall be appointed by the Board, upon proposal of the Board Chairman. The Secretary-General must fulfill the conditions required for the appointment of expert members of the Board.
- 2) The first-appointed Secretary-General shall:

- within three months from his appointment date, set the Secretariat's work rules;
 - submit the said rules to the Board for approval; and
 - suggest the staff of the Secretariat to the Board for approval.
- 3) The Secretariat shall have the following responsibilities:
- following up on the execution of the decisions taken by the Board and the Sanctions Committee;
 - suggesting to the Board undertaking investigations and inspections regarding the violations of this Law, the implementing regulations, general/individual directives or any instructions issued by the Board under this Law;
 - transmitting to the Board the complaints submitted by the Stock Exchanges or related professionals;
 - transmitting to the Board the reports submitted by the Capital Markets Control Unit;
 - communicating to the Board the decisions taken by the Sanctions Committee, and notifying these decisions to the concerned parties;
 - ensuring that the Board regulatory decisions and general directives or instructions are published in the Official Gazette and posted on the CMA's website, and that Board individual decisions are notified to the concerned parties;
 - suggesting to the Board the establishment or amendment of the provisions and regulations relating to capital markets; and
 - conducting studies, statistics and data-collection, and preparing draft regulatory and implementation decisions and publications, as requested by the Board
- 4) The Secretary-General and the Secretariat staff shall be governed by the provisions of Article 8, Paragraphs 5 and 6, of this Law.

SECTION III

Control of Capital Markets

Article 14: Control of Capital Markets

The control of capital markets shall be entrusted to a Unit established by the Board.
The Unit shall benefit from operational autonomy and its expenses shall be fully covered by the CMA.

The Board shall organize the Unit and set its regulations which shall include suitable procedural rules and shall ensure the efficient execution of the functions assigned to it by this Law.

The Unit shall submit its reports and proposals directly to the Board for decision.

Article 15: Powers of the Capital Markets Control Unit

The Control Unit shall, in the course of controlling the capital markets, have the following powers:

- a- To monitor compliance with implementation rules and all other texts issued under this Law;
- b- To examine the regulations and detailed instructions set by the administrations of Stock Exchanges, notably those concerning the conditions of admission, of listing and trading securities and Financial Instruments, and of providing financial services, in order to assure the effectiveness of these regulations and instructions in promoting the proper operation of Stock Exchanges;
- c- To ensure that the companies and schemes whose securities and Financial Instruments are traded on Stock Exchanges are publishing information on a periodic basis, as stipulated in the applicable laws and regulations, and to ensure also the accuracy of the information published or communicated to the shareholders and other stakeholders;

The Control Unit shall also ensure that there are no unjustified delays by companies and schemes in the public disclosure of price-sensitive information concerning them or concerning their securities and Financial Instruments;

The Control Unit may require that these companies and schemes provide additional information, and make amendments deemed necessary to the information published, if it finds that the information published or to be communicated is incomplete or inaccurate;

The Control Unit may also propose to the Board to communicate to the public the remarks addressed to the concerned companies and schemes, in addition to all other information that should be, in its opinion, made available to the public;

- d- To verify through its competent bodies, or through independent auditors or auditors members of the institutions governed by this Law, that the said institutions comply with the regulations, decisions, and instructions issued under this Law;

The Control Unit may request from the external auditors of the concerned institutions and schemes, or from experts independent from the Control Unit, to further audit and analyze the operations of these institutions and schemes;

- e- To ensure that the trading conditions stipulated under this Law are applied on Financial Instruments issued by insurance companies; and
- f- To perform compliance investigations and collect evidence for detecting violations detrimental to a sound capital market trading.

SECTION IV

The Sanctions Committee

Article 16: Composition of the Sanctions Committee

The Sanctions Committee shall be formed of:

- A judge from the tenth grade at least, as Chairman;
- Two members holding at least a university degree in finance and economics, with an experience of no less than five years; and
- Two members who are in the legal profession, with an experience of no less than five years in the capital markets field.

The Chairman and members of the Sanctions Committee are appointed by decree upon proposal by the Ministers of Finance and Justice, contingent on the prior approval of the High Judicial Council concerning the appointment of the Chairman.

They shall hold office for a five-year term, renewable once.

No individual can fill simultaneously the position of Chairman or member in both the Board and Sanctions Committee.

Article 17: Meetings of the Sanctions Committee

The meetings of the Sanctions Committee shall be held with at least the Chairman and two of its members, upon convocation by the Chairman or the request of two of its members, and its decisions shall be taken by the absolute majority of the statutory members.

The Chairman and the four members of the Sanctions Committee shall be governed by the provisions of Article 7, Par. 2, and Article 8, Par. 2, 3, 4, 5 and 6 of this Law.

Article 18: Work Organization of the Sanctions Committee

The Sanctions Committee, after consultation with the Board, shall establish its rules of operation within three months as of the date of its appointment. The Sanctions Committee shall consult with the Board to appoint staff members or contractual employees. The three-month time limit may be extended for three additional months by a decision of the Board. The aforementioned rules shall be published in the Official Gazette and on the CMA's website.

Article 19: Examination of violations

The Sanctions Committee shall examine violation cases transmitted by the Board, and shall investigate them and take the necessary decisions further to proceedings involving all concerned parties, as specified in its rules of operation.

Article 20: Imposition of Administrative Sanctions

- 1- Upon the violation of any of the provisions of this Law and/or its implementation rules, the Sanctions Committee shall have the authority to impose administrative sanctions and monetary penalties on each of the following natural persons or legal entities:
 - a- Institutions authorized to manage and operate Stock Exchanges, and those authorized to provide financial services;
 - b- Institutions acting as custodian or manager of Financial Instruments;
 - c- Any authorized central custodian;
 - d- Financial instrument clearing houses;
 - e- Collective investment schemes, their managers and their custodian;
 - f- Individuals or institutions undertaking financial studies, consultancy and analysis, or giving professional advice on Financial Instruments;
 - g- Financial rating agencies;
 - h- Insurance companies having activities governed by this Law;
 - i- The officers in charge or the employees of the above-mentioned institutions; and
 - j- Any person violating this Law and/or its regulations, and all other implementation rules.

- 2- Once the violation is proved:
 - a- The Sanctions Committee shall impose any of the following administrative sanctions by justified decision:
 - Addressing a warning;
 - Suspending, for a period not exceeding one month, all transactions involving listed Financial Instruments of a listed Issuer or the trading of Financial Instruments;
 - Prohibiting the violator, for a period not exceeding one month, from undertaking all or some operations and services.

 - b- The Sanctions Committee may also:
 - Suggest to the Board the permanent withdrawal of any security or financial instrument from trade;
 - Suggest to the Board revoking the license granted under this Law; or

- Suggest to the Board the dismissal of all or some of the managers of the institutions mentioned in Paragraph 1 of this Article. In this respect, the Board's decision shall be binding for all concerned institutions.

The Sanctions Committee may impose, alternatively or in addition to the administrative sanctions described in this paragraph, a penalty that shall not exceed the minimum monthly wage multiplied by four thousand or ten times the profits realized from the operations causing the violation.

The Sanctions Committee shall take into consideration the seriousness of the violation and the benefits or profits realized by the violator as a result of such violation.

- 3- The Sanctions Committee shall impose, for Issuers other than those of public law, who submit to the Board false or incomplete statements about their net asset value for the purpose of reducing the amount of proportional fees due, a penalty ranging between 5% and 10% of the value of undisclosed assets.

The company or institution that submits to the Board incomplete or false information in order to obtain the Board's approval to trade its securities or Financial Instruments on a Stock Exchange, or to provide financial services in these Stock Exchanges, shall be liable to pay a penalty of no less than a hundred times the minimum monthly wage, as imposed by the Sanctions Committee.

Any person who deliberately prepared or submitted the above-mentioned false statements and information shall be liable to pay a penalty of no less than a hundred times the minimum monthly wage, as imposed by the Sanctions Committee.

- 4- The Sanctions Committee may impose a penalty of no less than a hundred times the minimum monthly wage on any Issuer other than those of public law that does not submit its financial statements within the required time limits stipulated in this Law and/or the regulations issued by the Board.
- 5- The decisions of the Sanctions Committee may be appealed before the Capital Markets Court, established under this Law. Unless specifically ordered by the said Court, the appeal shall not operate as a stay of enforcement of the Committee's decision.
- 6- The Sanctions Committee may decide to publish its decisions through selected mass media and on its website. The losing party shall bear the expenses of such publication.
- 7- The imposition of administrative sanctions shall not preclude the institution and pursuit of public prosecution, nor the imposition of penalties and penal sanctions on violators.

Chapter Three

The Capital Markets Court

Article 21: Establishment of the Capital Markets Court

- 1- A court for the capital markets shall be established and shall be known as the Capital Markets Court, having its headquarters at the Hall of Justice in Beirut. It shall consist of:
 - a- A judge from the tenth grade at least (Chairman);
 - b- A member of the legal profession holding a university degree, specialized or experienced in financial matters for a period of at least ten years (member); and
 - c- An expert in financial matters holding a university degree in economics or finance, with a ten-year experience in this field at least (member).

- 2- The Chairman and members of the Capital Markets Court shall be appointed by Decree. The Chairman shall be appointed upon proposal of the Minister of Justice, and with the prior approval of the High Judicial Council, while the members shall be appointed upon proposal of both the Ministers of Justice and Finance.

The same procedure shall apply to the appointment of the alternate Chairman and members, who must meet the conditions required for the principal Chairman and members.

The principal and alternate members shall take the oath before the First President of the Court of Appeal in Beirut and shall be subject to the obligations that the judges of the aforesaid Court are subject to in the course of fulfilling their duties.

- 3- A Court clerk shall be appointed by the Minister of Justice for the performance of the tasks of the Clerk Office.
- 4- The CMA shall bear all the expenses of the Capital Markets Court, including the remuneration of its Chairman and members, as determined by the Board.
- 5- The Chairman and members must devote all their time to the Court.

Article 22: Competence of the Capital Markets Court

- 1- The Capital Markets Court shall examine:
 - a- The conflicts between natural persons and/or legal entities arising from Operations on Financial Instruments, or from any of the acts/operations mentioned in this Law. Any of these persons/entities may directly petition the Court in this respect;
 - b- The objection to the individual decisions taken by the Board, in accordance with Articles 12 and 30 of this Law;

- c- As Court of Appeal, all the decisions taken by the Sanctions Committee;
 - d- The requests for recusal or removal of the Chairman or members of the Board of the CMA or of the Chairman or members of the Sanctions Committee
 - e- As Court of first instance, all offences related to insider trading or the disclosure of false or misleading information about securities or Financial Instruments or their Issuers.
- 2- The President of the Court shall examine all petitions requesting an urgent measure in relation to all matters that fall within the jurisdiction of the Capital Markets Court without examining the issues raised in the request. The President's ruling may be opposed before the Capital Markets Court within eight days from its notification date. The opposition shall however not stay enforcement of the decision, unless specifically ordered by the Court either pursuant to a guarantee given, whose type or amount shall be determined by the court, or without any guarantee. The Court shall render a decision in accordance with emergency case procedures.

Article 23: Procedures followed by the Capital Markets Court

- 1- Without prejudice to the provisions of Paragraph 3 of this Article, the Capital Markets Court shall implement the procedures and rules stipulated by the Code of Civil Procedure. Its decisions shall be final and immediately enforceable, and only challengeable before the Supreme Court. The Supreme Court must render its decision within a period not exceeding six months from the filing date of the final appeal request at the Clerk Office.
- 2- Whenever the occurrence of any of the offences mentioned in Paragraph (e) of Article 22 of this Law is suspected, the Board may transfer the file to the Financial Public Prosecutor Office in Beirut, in order to duly initiate proceedings against the offenders before the investigating judge, without prejudice to the right of public prosecution by the Public Prosecutor Office in accordance with the Code of Criminal Procedure.
- 3- When examining the offences mentioned in Paragraph (e) of Article 22 of this Law, the Court shall implement the provisions of the Code of Criminal Procedure. The Court's rulings may be objected as stipulated in the said Code.

Chapter Four

The Finances of the CMA

Article 24: Fiscal year

The CMA's fiscal year shall start on the 1st of January of each year and shall end on the 31st of December of the same year, with the exception of the first year where the fiscal year shall start on the establishment date and shall end at the end of the establishment year.

Article 25: Obligations of the CMA

- 1- The CMA shall act as bookkeeper of the accounts opened with it, and shall prepare, within the time limits stipulated in this Law or in the implementation regulations issued under this Law, reports on performed operations and a statement of account that includes the income and expenditure account and the budget at the end of the fiscal year.
- 2- Documents shall be signed by the Chairman of the Board and a member empowered by the Board for this purpose. The audit of the accounts specified in this Article shall be performed in accordance with international accounting and audit standards by independent external auditors appointed by the Board for a renewable three-year period. The external auditors shall submit their reports to the Board within two months from the end of the fiscal year.
- 3- The CMA shall submit to the Minister of Finance, by June 30 of each year, an annual report on the results of its activities, together with a copy of the external auditors' reports and the audited profit and loss accounts.
- 4- The CMA's report submitted to the Minister of Finance shall be published in the Official Gazette and on the CMA's website.

Article 26: Resources of the CMA

The resources of the CMA shall consist of:

- 1- A financial contribution from the State Budget of fifteen billion Lebanese pounds, allocated only once, as preliminary costs for establishment and operation. This amount shall be paid to the CMA within one month from the date of appointment of the first Board.
- 2- The annual contributions imposed on Listed Companies, as specified in the implementation regulations.
- 3- The charges and fees imposed on licenses, requests, submission of subscription brochures, and other documents or procedures that must be fulfilled under this Law. The said charges and fees shall be determined pursuant to the CMA's financial regulations.
- 4- The portion allocated to the CMA from the profits of Stock Exchanges, as determined in the CMA's financial regulations.

- 5- An annual fee determined in the CMA's financial regulations and paid by the collective investment schemes whose securities and Financial Instruments are listed on the Stock Exchanges.
- 6- Aids and donations.
- 7- Advances and loans obtained by the CMA for the fulfillment of its tasks or obligations.
- 8- The penalties stipulated in this Law and/or its implementation regulations, and in all other implementation texts.

The CMA is forbidden from investing its funds or income in securities or Financial Instruments listed on the Stock Exchange.

Chapter Five

Organizing the Work in Capital Markets

Part I

Stock Exchanges

Article 27: Stock Exchange Operators

- 1- Stock exchanges shall be established and operated by Lebanese joint-stock companies licensed by the Board in accordance with special regulations issued by the latter which determine the conditions of establishment, the conditions of appointment of the Stock Exchange Board members and their acceptance the tasks entrusted to them, in addition to the procedures and rules governing the work of these companies.
- 2- The Board may authorize the above-mentioned companies to offer their shares for Public Subscription at the time of their establishment or whenever an increase in their capital occurs.
- 3- Stock Exchanges shall not be recognized as so unless their establishment has been licensed by the Board in accordance with the provisions of this Law. This condition shall apply whether the establishment or operation of the Stock Exchange is made individually, electronically or non-electronically, in a specific location and by distance or by any other means. No specific financial instrument may be authorized for trading on more than one Stock Exchange in Lebanon.

Article 28: Obligations of the Stock Exchange

- 1- Any Stock Exchange must:
 - a- Perform its duties in a manner that ensures the existence of a fair, organized and transparent market. The Stock Exchange must also provide the CMA with all information concerning listed and traded Financial Instruments, in addition to all reports specified by the said Authority.
 - b- Publish in the media and on its website, all daily and periodic information, indicators, and rates relating to its activities.
 - c- Submit to the CMA, within 120 days of the closing date of the fiscal year all audited financial statements prepared in accordance with international accounting and audit standards and with the conditions set by the CMA.
 - d- Comply with international accounting standards and with any other standard set by the CMA.
- 2- The CMA may impose on the Stock Exchange to submit all data that may be stipulated by special regulations.
- 3- The CMA has the authority to issue to operating Stock Exchanges binding directives concerning:
 - a- Trading on the Stock Exchange market or anything in relation to the Financial Instruments listed or traded on the Stock Exchange.
 - b- The procedure adopted by the Stock Exchange.
 - c- Any other matters deemed necessary by the CMA for the implementation of this Law.

Part II**Operations on Financial Instruments****Article 29: Procedures to obtain a license to perform Operations on Financial Instruments**

- 1- Any person wishing to perform Operations on Financial Instruments must obtain a prior authorization from the CMA. Financial intermediation and portfolio management operations shall only be performed by the institutions indicated in Article 1 of Law No 234 of June 10, 2000, on the Regulation of the Financial Intermediation Profession.
- 2- Any person, wishing to undertake a professional activity, whether main or secondary, consisting of client solicitation for subscription, purchase, swap or sale of securities or Financial Instruments, must obtain the prior authorization of the Board pursuant to the conditions set by the Board in special regulations.

The authorization request must be submitted as stipulated in the said special regulations, and the CMA may grant it in accordance with the conditions or restrictions it deems appropriate. The CMA may however, through a letter duly notified to the requesting party, amend these conditions or restrictions, or impose additional conditions or restrictions.

- 3- The list of persons and entities authorized by the CMA to perform Operations on Financial Instruments shall be available to the public at the CMA's headquarters and on its website.

Article 30: The powers of the CMA Board to request the regularization of a licensed party status or to revoke the said license or suspend it temporarily

In case any licensed party violates or does not comply with the conditions or restrictions stipulated in his license or the provisions of the regulations of the CMA or any rule of the Stock Exchange or undertakes an activity that violates sound professional practices, the Board may warn such party to take steps to regularize its status within a specified period of no more than ninety days as of the warning notification date. Otherwise, the Board may issue a justified decision ordering the termination of the activities of the licensed party or revoking the license. The decision of the Board may however be challenged before the Capital Markets Court pursuant to procedures stipulated in the special regulations.

Article 31: Foreign participation in Financial Instrument Operations

Non-Lebanese institutions or companies may undertake Operations on Financial Instruments in Lebanon in accordance with the provisions of this Law and the related special regulations.

Part III

Collective Investment Schemes

Article 32: Establishment of Collective Investment Schemes

Collective investment schemes dealing with Financial Instruments shall be established, managed and operated in accordance with the provisions of Law No 706 of December 9, 2005 and its implementation regulations. In this respect, the Board shall be vested, as of the date of the start of its activities, with all the powers previously conferred to Banque du Liban by the herein mentioned Law.

Part IV

Mutual Funds for Investment in Securitization Operations

Article 33: Establishment of Mutual Funds for Investment in Securitization Operations

Mutual funds investing in securitization operations shall be established, managed and operated in accordance with the provisions of Law No 705 of December 9, 2005 and its implementation regulations. In this respect, the Board shall be vested, as of the date of the start of its activities, with all the powers previously conferred to Banque du Liban by the herein mentioned Law.

Part V

MIDCLEAR

Article 34: Licensing

Upon implementation of this Law, MIDCLEAR shall be considered as being duly authorized by the CMA to operate as custodian for securities, and as clearing and settlement center for Financial Instrument Operations, as provided for in Law No 139 of November 26, 1999.

Article 35: Reports and Accounting

- 1- Within 90 days from the closing of the fiscal year, MIDCLEAR must submit financial statements to the CMA, audited and prepared in accordance with international accounting and audit standards and with the conditions set by the CMA. These statements must also include a report on the risk management procedures implemented by MIDCLEAR.
- 2- The CMA is entitled to require MIDCLEAR to submit the reports specified in the special regulations.

Chapter Six

Public Subscription and Disclosure by Public Companies

Article 36: Standards of Public Subscription

- 1- The subscription is considered public and governed by this Law when an Issuer issues, sells, offers to issue or offers to sell Financial Instruments of a specific value to the public in Lebanon and abroad, whether directly or indirectly, within a specific time limit.
- 2- The time limits, value of Financial Instruments, and the definition of public as stipulated in this Article, shall be determined in special regulations.

Article 37: Instruments not governed by this Chapter

The provisions of this Chapter shall not govern Bonds issued by the Lebanese Republic or foreign countries, nor short-term Financial Instruments and other categories of Financial Instruments explicitly excluded under special regulations issued by the CMA.

Article 38: Requesting the CMA's approval on Public Subscription

- 1- No legal entity may undertake a Public Subscription without the prior approval of the CMA. Shall also be prohibited, prior to obtaining such authorization, any Issuance, sale or offer to sell Financial Instruments offered for Public Subscription. No invitation may be addressed to potential investors concerning such Financial Instruments without the CMA's approval.
- 2- Approval requests stipulated in this Article shall be submitted according to a special Form, provided for in special regulations. The CMA shall issue a response to the authorization request within four weeks from the date of its submission. In case the CMA has not yet decided on the request upon expiration of the time limit, the authorization shall be considered as granted.

Article 39: Subscription Brochure

- 1- The issuing Entity wishing to call for a Public Subscription to Financial Instruments must make available to the public, for free, a subscription brochure which explicitly includes the offer start date and its duration, provided that the CMA has approved the said subscription brochure and authorized its publication following receipt of a copy of the said brochure fifteen days at least prior to the proposed offer start date. The CMA shall not be liable, whether directly or indirectly, for the contents of the subscription brochure, and its approval shall be limited to the form of such brochure. The brochure shall have a legal force that makes it an integral part of the contract between the Issuer and the subscriber.
- 2- No person may advertise a Public Subscription that requires, under this Law, a subscription brochure, unless the brochure has already been published and the advertisement includes a clear indication of where the public may acquire such brochure.

Article 40: Contents of the Subscription Brochure

The CMA shall grant its approval on the subscription brochure if it includes all the information needed for investors and specialized consultants to perform a sufficient assessment of:

- a- The assets and liabilities of the Issuer, its financial status, its profits and losses, and the rights pertaining to the Financial Instruments offered for subscription.
- b- All additional information and details, and their conformity to all conditions stipulated in the special regulations.

The Issuer must also submit, together with the subscription brochure, a feasibility study of its project, endorsed by an economic and/or financial analysis office pre-approved by the Board.

Article 41: Rectifications in case of false or misleading subscription brochures

The Issuer, the chairman of the Board and its members, and its management must indemnify the persons who relied on the subscription brochure to acquire Financial Instruments and suffered losses in the event such brochure contained false or misleading information or did not include all the information required in the previous Article.

Article 42: Obligation of continuous disclosure by the Issuer

Every Issuer, in the event it is a listed company, must disclose to the CMA, its shareholders and partners as well as to its Financial Instruments' holders and the public, all information related to it, its subsidiaries, if any, and all companies in which it holds a participation share within the percentage set by the special regulations, particularly whenever such information:

- is necessary to assess the financial status of the Issuer, its subsidiaries and the companies in which it holds a participation share as determined by the special regulations;
- is necessary to avoid the establishment of a false market for its Financial Instruments;
- is price-sensitive for its Financial Instruments.

In all cases, the Issuer must comply with the additional obligations and conditions specified in the special implementation rules.

Article 43: The obligation to disclose important data/facts

Every Issuer must disclose all reports related to important facts regarding the Issuer, in accordance with the special regulations issued by the CMA, noting that such regulations must determine the nature of the data/facts deemed important by the CMA and the public disclosure procedure.

Article 44: The contents and deadline of financial statements submission

- 1- All legal entities must submit to the CMA within 120 days as of the end of the fiscal year, a set of financial statements audited by an external auditor, appointed by the Public Company. These statements must include the budget, the income and expenditure accounts, an analysis of financial flows, and the changes in the capital accounts and shareholders' equity.
- 2- The Public Company must also submit to the CMA, within 60 days from the end of the first half of the current fiscal year, or within any other time limit set by the CMA, unaudited financial statements of the abovementioned period.

Chapter Seven

Disclosure of participation percentage in Financial Instruments and acquisitions

Article 45: Disclosure obligation when ownership exceeds a specific percentage

- 1- Any legal entity that acquires directly or indirectly, as a result of any type of operation, a share in the issuing Entity or Public Company equal to or exceeding five percent (5%) of the shares or units of a fund with a voting right in the said company or in the issuing Entity, must submit a report to the CMA within 24 hours from the execution of the operation which led to such percentage of ownership. The legal entity shall specify in this report the issuing Entity and whether the latter's Financial Instruments are listed on a Stock Exchange, then submit the report to the said Stock Exchange, with the following information:
 - a- The operation that led to the participation with a percentage equal to or exceeding, for the first time, the five percent (5%) limit.
 - b- Any operation related to the shares of the issuing Entity or of the above-mentioned company, if the participation percentage exceeds the five percent (5%) limit.
 - c- The operation(s) that lead to a decrease in the said participation percentage to less than five percent (5%) of the shares or units of the fund having a voting right in the above-mentioned company.

The legal entity must also disclose, within the same time limit, all subsequent purchase operations that result in reaching or exceeding the five percent (5%) limit.

- 2- In case the CMA does not receive the above-mentioned report within the time limit specified in Par. 1 of this Article, or if it finds upon review of the report that the operation contravenes the provisions of this Law, the said Authority may then consider the performed operation as null and void for both the assignee and the issuing Entity. However, such nullification shall not prevail against bona fide third parties. The CMA may also suspend trading in these stocks or Financial Instruments and the exercise of relevant voting rights.
- 3- The concerned Stock Exchange must immediately disclose to the public all the information received pursuant to this Article.

Article 46: Mergers and Acquisitions

The CMA shall set all regulations concerning large purchase operations of shares in Public Companies or issuing entities, and those concerning the execution of acquisition and merger bids, without prejudice to the provisions of Law No 192 of January 4, 1993 and its amendments regarding the Facilitation of Mergers between Banks. However, the intervention of the CMA in matters relating to acquisition operations shall solely be for the purposes of ensuring a sound management of Public Companies or issuing entities.

Chapter Eight

Listing of Financial Instruments on a Stock Exchange

Article 47: The Regulating Authority for Financial Instruments Listing

The CMA is the sole authority in charge of regulating the listing of Financial Instruments on Stock Exchanges operating in Lebanon, in addition to regulating the trade of these instruments.

Article 48: Listing conditions and obligations of listed entities

No Financial Instruments may be listed on Stock Exchanges without the approval of the CMA, and after the listing conditions and the obligations of the Issuers are determined in special regulations which shall include, for indicative purposes but not restrictively:

1- Concerning the listing conditions:

- a- The continuous obligations imposed on the Issuers of Financial Instruments.
- b- The mandatory execution of the regulations.

2- Concerning the obligations of the Issuer:

- a- Issuing and marketing Financial Instruments in a fair, organized, transparent and honest manner, while indicating all potential risks.
- b- Providing to potential investors and the public sufficient information to allow them to properly assess the issuing Entity and the Financial Instruments to be listed, after having determined the factors that would seriously affect their interests or that might have a serious positive or negative impact on the market activity and on the prices of Financial Instruments listed on the Stock Exchange.
- c- Implementing or requesting the implementation of laws on listing, and of adequate sanctions in case of violation of these laws.
- d- Providing holders of Financial Instruments with a fair, equitable and efficient treatment.
- e- Requesting the managers of the issuing Entity to act in a manner that preserves shareholders' interests.
- f- Granting shareholders or unitholders the possibility to assess any main changes in the activities of the issuing Entity and any important managerial matter and the right to vote on them accordingly.

Article 49: Prerequisites for working in the Stock Exchange

The Financial Instruments that can be repurchased or sold through the Stock Exchange are those that have been already listed or accepted for trading on the Stock Exchange.

Chapter Nine**Miscellaneous Provisions****Part I****Organizations for Protecting the Interests of Financial Instrument Holders****Article 50: Establishment Procedures**

Holders of securities and Financial Instruments traded on an organized capital market are entitled to establish among themselves organizations to protect their interests, in accordance with the provisions of Law No 659 of February 4, 2005 related to Consumer Protection.

Part II**Rules of Professional Conduct****Article 51: Complying with the rules of professional conduct**

In addition to Subparagraph (d) of Paragraph II of Article 11 above, the entities governed by the provisions of this Law must comply with the rules of professional conduct, notably the rules stipulated in this Chapter.

Article 52: Specific code of professional conduct

Entities governed by the provisions of this Law must set their own binding code of professional conduct that must include, at least, the following principles:

1) Concerning general values and ethics:

- Adhering to the principles and standards of professional integrity to gain investors' confidence.
- Working with efficiency and seriousness and using their best care to achieve the objectives of investors.

2) Concerning the protection of the investor's interests:

- Giving priority to the investor's interests over those of the Entity.
- Respecting the investor's will and seeking to achieve the goals of the investor in the best professional manner.
- Taking the necessary measures for avoiding the occurrence of any direct or indirect conflict of interest between the investor and the concerned Entity or those of any of its employees.
- Not subjecting the autonomy or objectivity of the Entity to any doubt, by accepting or offering presents or any other benefits.
- Preserving the confidentiality of information related to the investor, and preventing its disclosure or misappropriation by third parties.

3) Concerning the management of the investor's funds:

- Making a thorough assessment of the investor's situation.
- Disclosing to the investor all information pertaining to the projected operation, particularly the level of associated risks.
- Taking investment-related decisions that are compatible with the objectives and restrictions specified by the investor.
- Complying with objectivity and fairness standards in dealing with investors, and managing their funds with care and caution.
- Adopting clear and precise rules for giving an investment-related recommendation, and disclosing any modification thereto.
- Making, when giving an investment-related recommendation, a clear distinction between tangible facts and analytical opinions or forecasts.

4) Concerning the investment management contract:

- The mandatory signature of a contract between the Entity and the investor, including at least: (a) sufficient information about the concerned Entity; (b) the duration of the contract, its renewal method and reasons for termination; (c) the objectives of the investment, and the level of risks that the investor is ready to bear; (d) Financial Instruments that can be traded; (e) investment-related fees and expenses and their computation method; and (f) investment management methods.

5) Concerning the trading of Financial Instruments:

- Refraining from using directly or indirectly any crucial and undisclosed information that might affect any investment being traded.

- Refraining from manipulating prices, causing a fake inflation, or adopting practices that might mislead investors.
- Adopting a clear trading policy that ensures a fair and equitable Distribution of Financial Instruments among investors.
- Using the commissions, goods or services, resulting from trading operations performed by the investor, in the latter's interest.

6) Concerning compliance with laws:

- Complying with the applicable laws and regulations and appointing a person responsible of monitoring such compliance and of investigating complaints sent to the Entity.
- Developing work methods and procedures and reviewing them periodically.
- Authenticating the documents that support investment-related decisions and recommendations, and the operations performed on behalf of the investor.

7) Concerning disclosures:

- Ensuring that the disclosure process takes place in a periodic, clear, correct and complete manner, in accordance with Lebanese laws in force and international standards adopted by the Board.
- Disclosing, for indicative purposes but not restrictively, the following information: (a) the investment performance; (b) the method used for taking and executing investment-related decisions and recommendations; (c) all investment-related expenses and commissions and their computation method; (d) periodic reports on investment performance; (e) trading policies of Financial Instruments and their Distribution method among investors; (f) audit results in financial entities; (g) the method for computing returns; (h) cases of conflict of interest; (i) investment assessment methods; (j) value of commissions, goods or services obtained by the Entity and the modality of their use for the investor's interest.

Article 53: Compliance by the Entity's staff with the code of professional conduct

Entities that are governed by the provisions of this Law must compel their staff to take cognizance of their adopted code of professional conduct, and to affix their signature as being committed to comply with this code and with any amendment thereto.

Chapter Ten

Transitional Provisions

Article 54: Transfer of employees to the CMA

The Board may request from the Banque du Liban a temporary or permanent transfer to the CMA of employees who have the required specialization or experience.

Article 55: Banking Secrecy

Any person who is or has been a part of the CMA or of any company or collective investment scheme operating on the Lebanese capital markets, must maintain the secrecy of any information or data/fact he becomes aware of by virtue of his position or work, and which is not only related to investors in these markets but also to companies and Entities concerned with this investment.

Without prejudice to the provisions of the Banking Secrecy Law promulgated on September 3, 1956, the non-disclosure obligation may not be invoked when requests are addressed to the concerned parties through the Chairman of the Board, either by the Board itself, the Capital Markets Control Unit, the Sanctions Committee, the Capital Markets Court, or the Criminal Courts. Such obligation of non-disclosure may also not be invoked in the implementation process of this Law and/or its implementation rules.

Any person who intentionally violates or attempts to violate the non-disclosure obligation shall be punishable by imprisonment for a period of three months to one year. A public prosecution may be initiated regardless of any existing complaint submitted by the injured party.

Article 56: The situation of markets established before the promulgation of the Law

1. Notwithstanding any other legal text, all capital markets already established at the time of the promulgation of this Law shall be governed by its provisions and implementation rules, and shall be controlled by the CMA. The administrations in charge of supervising these capital markets are granted a six-month time limit from the start of work by the CMA Board, in order to adjust their situation according to the provisions of this Law. Otherwise, such administrations shall be deemed illegal and be subject to the sanctions stipulated by this Law. The CMA may extend the above-mentioned time limit for a six-month period.
2. Notwithstanding the provisions of Paragraph 1 of this Article, and concerning the Beirut Stock Exchange that is governed by the provisions of Legislative Decree No 120 of September 16, 1983 and its amendments, the Lebanese Government must adopt the following measures:
 - Turning the Beirut Stock Exchange, within one year from the start of work by the CMA Board, into a Lebanese joint-stock company to be established in Beirut and denominated "Beirut Stock Exchange S.A.L.". All rights, obligations and activities of the former Beirut Stock Exchange, including all contracts and agreements with third parties, employees and consultants, shall be immediately and automatically transferred to such new company.

- Assigning, within one year at most from the date of establishment of the Beirut Stock Exchange S.A.L., all the stock of the latter to third parties from the private sector, through a public or private offering, pursuant to a decision of the Council of Ministers upon the proposal of the Minister of Finance, after the consultation of the CMA Board.
3. Notwithstanding any other text, this Law shall not apply to insurance companies, and to intermediaries and brokers working in the insurance sector, in insurance contracts and in all that falls under the Law regulating insurance companies and decrees and decisions related thereto. However, the Control Commission of Insurance Companies must refer to the Board for prior approval, all Financial Instruments included in insurance contracts, whenever offered by these companies to the public.

Article 57: Implementation of the new Law

All legal texts contravening the provisions of this Law and inconsistent with its contents shall be repealed. The obligation of consulting the Council of State concerning the implementation rules and general instructions and directives issued under this Law shall also be cancelled, as well as Article 1 of Law No 520 of June 6, 1996, without prejudice to the authority of the Banque du Liban over the institutions whose main activity is to undertake all kinds of professional credit and loan operations.

Companies and entities whose establishment was authorized pursuant to other laws, promulgated prior to the enactment of this Law, shall be granted the right to pursue their activities, provided they fulfill the conditions that might be requested under this Law, under penalty of having their license revoked within a time limit not exceeding six months from the notification date of the CMA's request.

In specific and exceptional cases, the CMA may extend, for one time only, the said time limit for the same six-month period, upon request by the parties concerned by the fulfillment of those conditions.

Article 58:

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

Baabda, August 17, 2011

Signed: Michel Sleiman

Promulgated by the President of the Republic
The President of the Council of Ministers
Signed: Muhammad Najib Mikati

The President of the Council of Ministers
Signed: Muhammad Najib Mikati