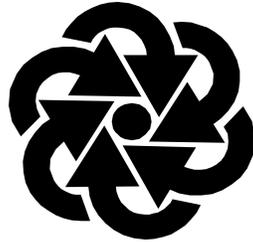


Association of Banks in Lebanon



S T A T U T E

Endorsed by the General Assembly
Held on September 11, 1987
And amended by the Extraordinary General Assembly
Held on December 7, 2006

S T A T U T E
of the
ASSOCIATION OF BANKS IN LEBANON

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Chapter I

CREATION - DESIGNATION

Article 1 - A professional association designated « Association of Banks in Lebanon » is founded in Lebanon by the banks defined in articles 6, 7 and 8 of the present Statute. It will be hereinafter referred to as “the Association”.

Chapter II

OBJECTIVES OF THE ASSOCIATION

Article 2 - The Association aims at:

- Strengthening collaboration and relations between members and ensuring that common rights and interests related to the professional matters are being preserved.
- Coordinating members' activities, maintaining the understanding among them, and upgrading the profession's practices.
- Representing the profession, promoting it, developing it, and contributing to the collective defense of its interests.
- Initiating the development and reform of the regulations, and harmonizing the provisions governing or affecting the profession and banking activity.
- Voicing its opinion concerning projects, laws and regulations related to the financing or banking legislations.
- Initiating the reinforcement of collaboration ties between Lebanon's banks and banks in other countries, especially Arab countries, and collaborating with them in all matters useful to the achievement of the Association's objectives.
- Taking action to establish an agreement with banks' employees in Lebanon, in order to preserve the common and general interests.
- Developing human resources and higher education in banking.

Article 3 - Means of Action:

The Association shall take all measures that can guarantee the achievement of its goals. These measures include, but are not limited to, the following:

- The Association shall exert efforts to unify the terms and conditions governing the banking operations, and to establish agreements to that end and control their implementations.
- The Association shall gather all necessary documents and statistics for the research and studies and will share them with all members, as well as for presentations, information, and banking and economic publications it deems useful for its members.
- The Association shall exert efforts to maintain the understanding among its members and address disagreements that may arise between them, by resorting to peaceful means. If necessary, the Board of Directors is authorized to create an office of mediation and arbitration, to develop its terms, and submit it to the General Assembly for approval.
- The Association shall intervene with public authorities and economic bodies in order to protect the interests of the profession, and will seek to strengthen its collaboration with the Central Bank (Banque du Liban) for the common good.
- The Association shall take legal actions or intervene in ongoing court actions in order to protect the interests of the profession.
- The Association shall organize banking study centers and courses for bank employees and Board members, with the aim of expanding their knowledge and improving their performances.
- The Association shall organize reception events and familiarization trips that will allow members of bank boards to better know each other, which will contribute to the improvement of the quality of their collaboration and understanding.
- The Association shall rent or buy a headquarter for the meetings of its members, the conferences and reception events.
- The Association shall form permanent or temporary small committees that will be commissioned to conduct studies or special missions.
- In general, the Association shall be able to carry out all actions falling within the scope of its objective or related to it.

Chapter III

HEADQUARTER - DURATION

Article 4 - Headquarter.

The headquarter of the Association is in Beirut and the place shall be chosen by the Board.

Article 5 - Duration.

The Association has an unlimited duration. Each of its members can withdraw at will, without having the right to require the dissolution of the Association.

Chapter IV

THE COMPOSITION OF THE ASSOCIATION

Article 6 - Active Members and Associate Members.

The Association shall include active members and associate members.

Article 7 - Active Members, Definition, Membership application, Retirement, Exclusion.

1. Membership of the Association shall be open to any bank listed on the official list of banks in Lebanon published by the Central Bank, on the condition that it submits a written demand.
2. Any active member can withdraw from the Association and acknowledge it by writing. In that case, the fees of the same year as the withdrawal shall be due.
3. Any active member removed from the list of banks is ipso jure excluded from the Association.
4. Upon the Board's proposal, the General Assembly can decide, by a secret ballot and by absolute majority of the active members, the exclusion of any active member, for an important reason the General Assembly alone has the power to evaluate it.
5. Any active member that has not pay its annual fees one year after their due date and after receiving a written reminder, will ipso jure lose membership.

Article 8 - Associate members – Membership application – Rights and Obligations – Loss of membership.

1. Membership of the Association shall be open to any foreign bank having a representative office in Lebanon authorized as per applicable laws.
2. In order to become an associate member, the abovementioned bank shall submit a written request. The Board of the Association shall rule on its admission.
3. Associate members shall have the same rights and obligations as active members, except the right to vote in General Assemblies and the right to be Board members.
4. Any associate member can withdraw from the Association under the same conditions mentioned in Article 7, paragraph 4 of the present Statute.
5. Any associate member can be excluded from the Association according to the provisions mentioned in Article 7, paragraph 4 of the present Statute.

Article 9 - Adherence to the Statute.

Being an active or associate member directly implies the commitment to comply with this Statute.

Chapter V

**THE BOARD OF THE ASSOCIATION
THE CHAIRMAN AND VICE-CHAIRMAN
THE SECRETARY OF THE BOARD AND THE TREASURER**

Article 10 - Number of Board Members.

The Association is managed by a Board of twelve members.

Article 11 - Appointment by the General Assembly.

Board members are elected by the General Assembly by secret ballot and relative majority. In the event of a tied vote, the oldest established bank in Lebanon is chosen, as provided in Article 12 of the present Statute.

Article 12 - Composition of the Board.

- Board members are elected from among active members running for elections.
- Active members who wish to run for the Board elections as candidates shall submit their candidacy to the General Secretariat no later than six days before the date fixed for the annual General Assembly.
- No less than eight banks being Joint-Stock Companies (Société Anonyme Libanaise – S.A.L) shall be represented on the Board.
- For the implementation of the provisions of the present article, the term “société anonyme libanaise” refers to a company established in Lebanon according to Article 78 of Lebanon Code of Commerce.
- In all cases, the Board shall include no less than eight representatives having Lebanese nationalities.

Article 13 - Term of Office of Board Members.

The term of office of Board members is of two renewable years. The term year refers to the time between two annual General Assemblies.

Article 14 - Termination of Board membership.

If any Board member or their alternate lose membership during their term of office, they shall ipso jure lose their Board membership.

Article 15 - Vacancies.

1. If one vacancy or more occurs in the Board during the time between two General Assemblies, a General Assembly shall be convened to elect a member or more for the vacant posts. The General Assembly shall be invited within three months of the vacancy.
2. If the vacancy occurs during the last six months of the Board’s mandate and no quorum was constituted or no violation of Article 12 of the present Statute occurred, the Board has the right to resume its activity without proceeding to a partial election.
3. In the cases prescribed in the present article, the term of office of the new Board member or members will be that of the member or members they will replace.

Article 16 - Representation of Board Members.

1. Joint-Stock companies shall be represented on the Board through their Chairman, Vice-Chairman or General Manager.
2. Foreign banks branches shall be represented though one of their two highest officials in Lebanon.
3. Each of the member banks represented on the Board has the right to, in writing, appoint an alternate to replace their representative in name, in order to represent them in the Board meetings in case of absence, resignation or loss of membership. The alternate representative shall be one of the bank's managers. The concerned bank can replace them at any moment or when changing its status.

Article 17 - Quorum and Majority.

- The presence of at least seven members shall be necessary for the validity of the Board's deliberations.
- No Board member shall represent another member.
- The Board's decisions shall be adopted by the majority of the attending members' votes, on the condition, however, that these are never less than six. In the event of a tie, the Chairman shall have the casting vote.

Article 18 - Minutes of Meetings – Deliberations Register .

Minutes of every meeting shall be prepared, recorded in a special register and signed by the Chairman or, if applicable, the Vice-Chairman, and by the Board's Secretary, after reading and approval by the Board.

Every Board member has the right to consult the minutes in the Association's headquarter, after submitting their request to the General Secretariat.

Article 19 - Secret Ballot.

The Secret ballot shall be mandatory for all personal matters or upon the proposal of at least two Board members.

Article 20 - Personal Status of the Chairman, the Vice-chairman, the Secretary and the Treasurer.

- Once the Board is elected by the General Assembly, it shall meet to elect its Chairman, Vice-chairman, Secretary and Treasurer. These persons are elected in their personal status on the condition that they represent on the Board a bank they belong to.
- Each person's term of office is the same as that of the bank they represent on the Board.

Article 21 - Elections of the Chairman and their Term of office.

The Chairman of the Board shall be a Lebanese national and the Chairman or Vice-chairman of an operating bank S.A.L., as stipulated in article 12 of the present Statute. They shall have the title of « Chairman of the Association of Banks in Lebanon ». The Chairman's term of office shall be the same as the term of office of the Board that elected them. The election of the Chairman can be renewed for a second consecutive term of office only once.

Article 22 - Election of the Vice-chairman

The Vice-chairman shall replace the Chairman in case of absence, impediment, or resignation, until a new Chairman is elected. The Vice-chairman shall be a Lebanese national. They shall have the title of « Vice-chairman of the Association of Banks in Lebanon ».

Article 23 - Procedure within the Board.

The Board shall establish the procedures of its own functioning for all matters not provided in the present Statute.

Article 24 - Convening the Board – Agenda

The Board is convened by the Chairman, or in case of absence or impediment, by the Vice-chairman. The Board can also be convened by three of its members together. The convocation is submitted in letters, telegrams, or telex that include the agenda.

The convocation and the agenda shall be sent at least three days before the meeting.

This deadline can be shortened in case of emergency.

The member convening the meeting shall set the Agenda.

Article 25 - Board's meetings.

- The Board shall meet whenever the interest of the Association requires it. However, the number of these meetings shall not be less than ten per each year of term of office.
- Meetings shall be held in the Association's headquarter. The Board has the right to meet in any other location if found suitable.

Article 26 - The Board of Directors – Authority.

The Board of Directors is the supreme executive power of the Association. It has the broadest authority aiming at achieving the objective and purpose of the Association, subject to the authority of the General Assembly. The Board's functions shall include, but are not limited to, the following:

- It shall convene the General Assembly and implement its resolutions.
- It shall define the policy needed to achieve the goals of the Association.
- It shall establish internal and administrative terms and make the decisions needed for the functioning of the Board and other Bodies of the Association not covered in the present Statute.
- It shall submit the recommendations and suggestions to the official authorities concerned in financial and banking matters.
- It shall designate the Secretary General of the Association according to the conditions of their designation defined in Article 28 of the present Statute.
- It shall designate, upon the proposal of the Secretary General, the staff belonging to the General Secretariat, specify the conditions of their designation, and delegate to them all authorities that it deems fit and are not covered in the present Statute.
- It shall audit the financial statements for the financial year and the draft budget of the following year before submitting them to the General Assembly. It shall implement the aforementioned budget following the Assembly's approval.
- It shall approve the annual reports of the Association's activities before submitting them to the General Assembly.
- It shall suggest to the General Assembly the basis on which the fees of banks are set.
- It shall take the decisions in all matters communicated to the Association by its members, the Authorities, Establishments, Organizations and individuals, or due to circumstances, except for the decisions falling under the authority of the General Assembly.
- It shall designate the necessary permanent and temporary committees, establish their terms and specify their missions.
- It shall decide on the membership requests.
- It shall decide on the affiliation with Organizations or International Unions, and on the participation in conferences, conventions and all meetings that could serve the Association's members and their goals.

It shall decide on instituting legal proceedings or taking part in them. It shall also approve the legal actions or requests of intervention submitted by the Chairman in case of need.

Article 27 - The Association's Representation before the Court and Third Parties. Authority of the Chairman and Vice-chairman.

The Chairman shall represent the Association before the Authorities and public administrations, courts and third parties.

The Chairman shall give proxy needed for the representation of the Association before the court.

The Chairman shall head the meetings and General Assemblies and manage the work. The Chairman can, if desired, participate in the meetings of the Committees, Commissions and bodies arising from the Association, and head them.

The Chairman shall identify ways of implementing the resolutions issued by the Association's bodies and can request the collaboration of any member in order to carry out a specific mission.

The Chairman shall transmit to the Board the issues addressed to him and that fall within the authority of the Board.

The Vice-chairman shall replace the Chairman in case of absence, impediment, or resignation until a new Chairman is elected.

Article 28 - The General Secretariat.

- The Association's Board shall name the Secretary General of the Association, determine their salary and allocation, and terminate their services.
- Notwithstanding Article 12 of the present Statute, the decision designating the Secretary General shall be taken by a majority of eight members minimum.
- The designation of the Secretary General shall be submitted to the first convened General Assembly for confirmation. If the General Assembly denies confirmation, the designation shall be null.
- The Board's decision to terminate the service of the Secretary General shall not need any confirmation from the General Assembly.
- The Secretary General shall hold a university degree and have enough banking expertise. They shall devote themselves entirely to their function.
- The Secretary General shall manage the technical and administrative personnel of the Association.
- The Secretary General oversees the implementation of the Board's decisions. The Secretary General's functions include, but are not limited to, the following:

1. Designate the employees and experts needed for the functioning of the Association within budget limits decided by the General Assembly and according to the framework established by the Board, upon the proposal of the Secretary General.
2. Submit periodic reports concerning the activities of the General Secretariat to the Board.
3. Prepare the draft annual budget and the financial statements of the financial year.
4. Conduct the research and studies relating to the profession and that are assigned by the Board.
5. Bring to the Chairman and the Board any concern related to the objective of the Association, review draft regulations submitted to the Association for opinion, and make observations on the decisions and instructions of public administrations and the Central Bank, and submit them to the Chairman of the Board.
6. Submit to the Board suggestions concerning the internal, administrative and financial terms and all matters they deem appropriate for the objective of the Association.
7. Fulfill in general all technical missions in the interest and development of the profession in Lebanon.
8. Participate in the meetings of all permanent or temporary committees designated by the Board, without voting rights.
9. Serve as a liaison between Board members to organize the Association's activities, in order to achieve its objective.
10. Present their services to all members of the Association in their professional relationship with each other, with the Association, with the Central Bank and all governmental institutions.
11. The Secretary General and all personnel of the General Secretariat shall be bound to confidentiality according to bank secrecy. The Secretary General shall be bound to professional secrecy especially vis-a-vis the members of the Association, while dealing with every technical issue raised by one of the members. It shall be up to the Secretary General to evaluate whether an issue falls within authority of the Board.
12. The General Secretariat shall ensure the administrative functioning of the Association, the accounting, the preparation of documents, studies, circulars, letters, observations, and convocations of the Board members or various bodies of the Association.

Chapter VI

GENERAL ASSEMBLIES

Article 29 - Establishment – Right to Vote.

The General Assembly shall be consisted of all members of the Association. Only active members shall have the right to vote.

Article 30 - Convening the General Assembly – Meeting Place – Deadline – Formula – Emergency Case – Agenda.

The General Assembly shall be convened by the Board in the Association's headquarter or any other location mentioned in the convocation, in letters sent to members' headquarters. The convocation shall be sent to every member at least ten days before the date of the Assembly.

The Board has the right, if desired, to convene members for a General Assembly by telegram or telex as well.

In case of emergency, the Board has the right to shorten the aforementioned deadline.

The convocation shall include the agenda.

Article 31 - Mandatory Convocation and Optional Convocation.

1. The Board shall convene the annual General Assembly provided in Article 32 of the present Statute.
2. The Board shall convene the General Assembly as well in the case provided in Article 15, paragraph 1 of the present Statute.
3. In addition, the Board can convene the General Assembly whenever the interest of the Association requires it, especially to decide on the matters that imply taking a position affecting the profession as a whole.
4. Finally, the Board shall convene the General Assembly whenever twenty percent at least of the active members request it. In that case, the request shall include the agenda of the General Assembly requested to be convened.

Article 32 - The Annual Assembly.

The General Assembly shall at least meet once per year, no later than June 30. It shall be called the Annual General Assembly.

The Annual Assembly shall take all the decisions related to the management of the Association.

It shall elect or re-elect the Board members according to the provisions of Article 12 and 13 of the present Statute.

It shall hear the report of the Board concerning its activities during the past year and the budget implementation for the said year.

It shall decide on the budget established by the Board for the following year and has the right to make any amendment.

Article 33 - Other Assemblies.

The General Assembly shall meet during the time between two Annual Assemblies every time it is convened as provided in Article 31, paragraphs 2, 3 and 4 of the present Statute.

Article 34 - Representation of the Active Members in the General Assembly.

The active members of the Association shall be represented in the General Assembly as follows:

- Joint-Stock companies shall be represented by their Chairman, a delegated administrator, a General Manager, or a special delegate of the aforementioned persons, who shall be chosen among the bank personnel, holding a director title, and fully authorized to this end.

- Foreign banks shall be represented by their first or second official in Lebanon, or by an ad hoc officer delegated by one of the aforementioned officials, on the condition that this officer is a director and fully authorized to this end.

- In all cases, the delegation shall be submitted to the General Secretariat at least one day before the General Assembly. The Secretary General shall be in charge of ensuring its authenticity.

Articles 35- Representation of Associate Members in the General Assembly

Associate members shall be represented in the General Assembly by the Director of the Representation Office in Lebanon or their assistant. Delegation of authority shall not be accepted.

Articles 36- Prohibition of Delegations among Members of the Association.

Members of the Association shall not have the right to represent other members in the General Assembly.

Articles 37- Attendance Sheet – Bureau of the Assembly.

An attendance sheet identifying the attending members and their representatives shall be required, as provided in Articles 34 and 35 of the present Statute. The attending sheet shall be signed by the members of the General Assembly and certified by the Bureau formed as follows:

The General Assembly shall be headed by the Chairman of the Association, and by their Vice-chairman in case of absence. In case both are absent for any reason, the General Assembly shall appoint a Chairperson for the meeting among its members.

Minutes of meeting shall be prepared and signed by members of the Bureau.

The Bureau of the Assembly is formed by the Chairman and two members chosen by the Chairman among the youngest members who accept that function.

Article 38 - Quorum and Majority.

Except for the quorum and the majority of the General Assemblies that call for the amendment of the present Statute, the proceedings of the General Assembly shall be valid if at least half of the active members of the Association are attending. If that quorum is not met, one or many General Assemblies shall be convened until it is met.

Decisions shall be taken by a two-thirds majority of attending active members, while retaining the special provisions of Articles 7, 11 and 40 of the present Statute.

Article 39 - Secret Ballot.

The secret ballot shall be mandatory for all personal matters, as the exclusion of a member of the Association, or the confirmation of the Secretary General's designation according to Article 28 of the present Statute.

The secret ballot shall be mandatory for the designation of the Board members as well, as provided in Article 11 of the present Statute.

The secret ballot shall be mandatory for any other matter if it was requested by ten active members attending the General Assembly.

Article 40 - Amendment of the Statute - Quorum and Majority.

The General Assembly has the right to amend the Statute on the following conditions:

- It shall be convened specially to this end.
- It shall be composed of at least three quarters of the active members of the Association.

The decision of amending the Statute shall be taken by the majority of three quarters of active members of the Association.

Article 41 - Scope of the Assembly's decisions – Communicating the Decisions to the Members of the Association.

The decisions of the General Assembly taken under the provisions of the present Statute shall be immediately binding on all members of the Associations, including the absents and the violators.

The Secretary General shall communicate in writing all decisions of the General Assembly to all members of the Association during the week following the date on which these decisions were taken.

Chapter VII

BUDGET

Article 42 - Resources.

The resources needed to achieve the objectives of the Association are provided by:

1. The fees due for each member, whether annually or when they join the Association. The amount of these fees is fixed by the annual General Assembly upon the proposal of the Board.
2. All additional amounts imposed by the General Assembly on the members according to a reasoned report by the Board, and serving as contributions that cover specific exceptional unbudgeted expenditures.
3. Voluntary contributions by members of the Association:
the amounts the Association receives from its members shall be in no case restored by the members who paid them or distributed among members of the Association.

Article 43 - Expenditures.

The expenditures of the Association include:

1. Administrative overhead costs.
2. Costs expressly authorized by the Board or General Assembly.
3. Costs incurred by the Committees after the Board's approval.

Chapter VIII

INTERNAL TERMS SPECIAL COMMITTEES

Article 44- The Board shall establish internal terms, provided that they shall not violate the present Statute, that aim especially at organizing and defining the authority of the committees in charge of examining the issues determined by the internal terms.

Chapter IX

TRANSITORY PROVISIONS

Article 45 - The present Statute of the Association shall be implemented once adopted by the General Assembly and communicated to the competent authorities.

Active members and associate members who joined the Association under the previous Statute are confirmed as such.

All while retaining the provisions of the present Statute, the current internal terms remain in force until they are amended.

Beirut, September 11, 1987