

TIME TO PASS THE BANKING SECRECY LAW AMENDMENT.

TIME TO PASS THE BANKING SECRECY LAW AMENDMENT



THIS LAW IS A CRUCIAL REFORM FOR LEBANON'S RECOVERY

- Ensures transparency, curbs corruption and limits illicit financing
- Is a prerequisite for bank restructuring
- Allows to rebuild confidence in the banking sector
- Vital for exiting the FATF grey list
- Enables accountability

This law is essential, alongside the bank restructuring and gap resolution texts, to address the 2019 financial crisis.



THE LAW INCLUDES KEY

AMENDMENTS TO ARTICLE 7 OF LAW 306 (OCTOBER 2022) AND ARTICLE 150 OF THE 1963 CODE OF MONEY AND CREDIT

- **Includes a 10-Year retroactivity clause,** running from the law's adoption date, that allows for scrutiny of past financial engineering & post-2019 transactions.
- **Grants unrestricted access to banking info, including the names of account holders,** to the Central Bank (BDL), the Banking Control Commission (BCC), and the National Deposit Guarantee Institution (NDGI).



THE CURRENT VERSION STILL INCLUDES 3 LOOPHOLES

FIRST

In Article 3, the joint parliamentary committees have removed the section pertaining to the ability of the BDL and BCC to delegate their authority to access information to third parties (like audit firms).

However:

- Granting auditors access is essential. Without BDL/BCC sharing authority, proper bank audits are impossible
- This delegation is needed for both restructuring and supervision.

To meet reform commitments, the original version, as suggested by the Council of Ministers should be reinstated.



THE CURRENT VERSION STILL INCLUDES **3 LOOPHOLES**

SECOND

Article 3 grants the Minister of Finance the authority to enforce one of the article's provisions via decrees when necessary.

While this clause does not halt the law's enforcement, it should be removed to avoid granting unnecessary discretionary powers to the Minister of Finance, and to preserve BDL independence regarding such matters.



THE CURRENT VERSION STILL INCLUDES 3 LOOPHOLES

THIRD

Article 2 grants account holders the right to challenge banking secrecy waiver requests from restructuring authorities (BDL, BCC, and NDGI). This objection mechanism is unavailable for Special Investigation Commission requests in anti-money laundering cases.

This objection mechanism must be removed, as it creates a loophole for potential judicial obstruction and would enable delays via abusive appeals.

