

2024

MIDCLEAR



ANTI-BRIBERY & CORRUPTION POLICY

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Introduction and Commitment

We, Midclear S.A.L, a custodian and clearing center, are committed to upholding the highest standards of ethical conduct and market integrity, as reflected in our Code of Business Conduct and Ethics. As the Central Depository for Lebanon and Registrar for all Lebanese banks' shares, we aim to ensure the efficiency and effectiveness of our operations in the market and to provide safeguards for our members. The establishment of Midclear reflects a commitment to fostering trust among Lebanese, Arab and International market players.

In line with these principles, this Anti-Bribery and Corruption (ABC) Policy outlines our zero-tolerance approach to bribery and corruption and establishes procedures to mitigate these risks. By adhering to this policy, we aim to further reinforce the trust and confidence placed in us by our clients and to contribute to a fair and equitable financial environment.

Definitions

For clarity and consistency, the following terms are defined as they apply within the context of this Anti-Bribery and Corruption Policy:

- ABC: refers to Anti-Bribery and Corruption
- Company: refers to Midclear S.A.L
- Clients/Members: refers to Midclear S.A.L clients who are, by law, regulated banks and financial institutions: The Central Bank of Lebanon, Local and Foreign Banks, Local and Foreign Financial Institutions, Foreign Central Securities Depository and Clearing Houses, and Issuers.
- Third-party: refers to any individual or organization Midclear S.A.L. meets and works with. It refers to actual and potential clients, customers, suppliers, business contacts, agents, advisers.
- Code of Business Conduct and Ethics refers to Midclear Code of Business Conduct and Ethics.

Company Background

Midclear S.A.L is a Lebanese company incorporated as a joint stock company. It operates under the Lebanese Commercial Code and other relevant regulations of Lebanon. It also clearly adheres to local laws and regulations.

Company Services

At its core, Midclear provides settlement, safe-keeping and related services for domestic and cross-border securities. This includes the safekeeping of securities, immobilization of physical securities, and book-entry clearing and settlement of transactions, all conducted in a secure environment. Additionally, Midclear maintains shareholder's registers and administers mutual funds. It is also the National Numbering Agency (NNA) for ISINs.

Policy Applicability

This Policy applies to all Midclear personnel, including directors, contractors, agents and consultants. Further, the Policy covers all business activities conducted by Midclear.

Applicable laws

This Policy adheres to the principles of the Wolfsberg principles, the US Foreign Corrupt Practices Act (FCPA), the UK Bribery Act, OECD Anti-Bribery Convention, UN Convention against Corruption, as well as Transparency International Best Practices.

Prohibited Activities

Midclear has enforced clear guidelines to promote transparency, ethical conduct, and compliance with anti-bribery and corruption laws and regulations. Committed to these values, Midclear expects all employees and third parties to conduct business with the highest ethical standards. The following list outlines acts prohibited under this Policy:

- Gifts, Entertainment and Hospitality: Prohibiting the offering, promising, giving, requesting, agreeing to receive, or accepting gifts, except within the context and limits outlined in subsection 4.1 of the Code of Business Conduct and Ethics.

“Subject to the prohibitions described in subsections 4.3 and 4.4 of this section, you may accept.

- *unsolicited gifts (other than tickets to an entertainment venue) with a value of \$150 or less, provided that the cumulative value of gifts from the same source does not exceed \$500 within a 12-month period (Gifts valued over \$150 may be accepted only with the written approval of your supervisor)*
- *conference, seminar, workshop and course giveaways of nominal value that are offered to promote registration, provided that the cumulative value of giveaways for the same course or conference does not exceed \$500; and*
- *prizes won at an event if the prize is the result of a draw or skill competition and its value does not exceed \$500. “*

- **Conflict of Interests:** Prohibiting the engaging in any corrupt practices, such as fraudulent misrepresentation of information or conflicts of interest.
- **Political Neutrality:** Midclear S.A.L will not make any donations, whether in cash or by any other means, to support any political party or candidate(s).
We aim to ensure that our business decisions are based on objective criteria and that we maintain trust with all stakeholders, regardless of their political views.
- **Charitable Contributions:** Midclear S.A.L accepts (and indeed encourages) the act of donating to charities whether through services, knowledge, time, or direct financial contributions and agrees to disclose all charitable contributions it makes.
- **Facilitation Payments:** Prohibiting the offering or acceptance of or engaging in any form of facilitation payments. Midclear does not accept and will not facilitate payments of any nature when it suspects they involve bribery or corruption.
- **Record Keeping and Reporting:** Midclear maintains accurate records of financial transactions including those involving Omnibus accounts, and conducts due diligence on third parties, which underscore our commitment to ethical and compliance practices. These measures ensure all transactions are traceable and provide a clear audit trail for potential investigations.

Beyond outlining prohibited acts, Midclear adopts a comprehensive approach to preventing bribery and corruption, which are both considered money laundering predicate offenses as per Lebanon AML/CFT Law No. 44 dated 24 November 2015. This commitment aligns with our ongoing efforts to comply with AML/CFT regulations and contribute to a stronger financial system. To achieve this, we integrate an anti-bribery and corruption assessment as part of the due diligence processes.

Confidential Reporting & Whistleblower Protection

Furthermore, and as we promote a culture of anti-bribery and accountability, employees are strongly encouraged to report any suspected attempts of bribery or corruption through our confidential reporting channels. To ensure confidentiality, we offer two reporting options: an internal channel and an external anonymous channel.

Internal channels

- **Immediate Supervisor:** As your first point of contact, your supervisor can initiate preliminary investigations within the limits of their authority.
- **Head of Audit:** Where the case could involve the employee's immediate supervisor or the employee is not comfortable reporting to them, you can report directly to the Head of Audit. The latter will escalate the matter to the Chairman, on a case-by-case basis, when and if needed.

In the same vein, and as we are committed to ensuring the confidentiality of whistleblower reports and investigations, Midclear prohibits retaliation against any employee who reports, in good faith, any ABC concerns.

External Channel

Anonymous reporting box: As an optional, completely confidential reporting method, employees can submit reports anonymously through a designated box located on each of the three floors at our premises.

Training and Communication

In the normal course of its business, Midclear is dedicated to training and educating all employees on all AML related topics with a particular emphasis on anti-bribery and corruption. As such, all employees receive regular training on ABC Policies and procedures, including how to identify and avoid potential bribery and corruption risks.

Breach of Policy

Compliance with this Policy is a fundamental requirement of your relationship with Midclear. Failure to comply with this policy may result in disciplinary actions.

Update and Renewal

This ABC Policy is a living document and shall be updated annually and/or following any significant /relevant changes or events such as a regulatory update. The board of Directors formally approves any updates to this policy. Also, the Head of Audit will regularly assess its effectiveness.