

INSTRUCTIONS NO. 4

ADMINISTRATIVE PROCEDURES FOR THE OPENING AND MANAGEMENT OF CASH ACCOUNTS AT BANQUE DU LIBAN

1 - “Clearing Agent” Members

In order to effect the cash settlement of operations involving securities or other financial instruments, members are required to do the following, for each currency used for clearing purposes (initially, the Lebanese Pound and U.S. Dollar):

- request that the Bank of Lebanon open a sub-account within their existing account, to be used for the settlement of operations involving securities or other financial instruments;
- notify Midclear of the number of this sub-account at Bank of Lebanon (*see annex I*)
- deliver to Midclear a letter (in duplicate) authorizing Bank of Lebanon (i) to debit or credit their sub-account on a daily basis with amounts representing the balance of operations relating to the settlement of securities as reported by Midclear, and (ii) to provide Midclear with daily reports on the balances of their sub-accounts (*see annex II*).

2 - “Cleared For” Members

In order to effect the cash settlement of operations involving securities or other financial instruments denominated in each currency used for clearing purposes, members who have chosen the status of “cleared for” members should submit, in conjunction with their “clearing agent”, a declaration of the type indicated in annex III.

In case of termination of the agreement between the “clearing agent” and the “cleared for” member, the following situations may arise:

- the “cleared for” member terminates the agreement and transmits to Midclear a new declaration signed by the member and the member’s new “clearing agent”
- the “cleared for” member terminates the agreement and transmits to Midclear a letter in which said member declares itself to be the “clearing agent.” This letter should be accompanied by another letter (in duplicate) authorizing Bank of Lebanon (i) to debit or credit the member’s sub-account on a daily basis with amounts representing the cash balance of operations as reported by Midclear, and (ii) to provide Midclear with daily reports on the balance in the sub-account in question (*see annex II*).

In both cases, the “cleared for” member should send the documents to Midclear 10 business days before the respective situations take effect.

- the “clearing agent” terminates the agreement, notifying Midclear as well as the agent’s “cleared for” member 10 business days before said termination takes effect. If the “cleared for” member fails to designate a new “clearing agent” within the 10 day period of time allowed for the purpose, Midclear shall reject said member’s delivery versus payment transactions.

ANNEX I

OPENING AN ACCOUNT AT BANK OF LEBANON

Full name of member:

Member code at Midclear:

Address:

Telephone:

Fax:

Telex:

SWIFT code:

Authorized signatures:

Date on which account was opened:

Currency:

Account number:

Reason for opening the account: this account is to be used exclusively for the cash settlement of operations involving securities or other financial instruments

ANNEX II
(on corporate letterhead paper)

Bank of Lebanon
Rue Banque du Liban
Beirut - Lebanon

Attention:

Dear Sirs:

We authorize you to record, by means of debit or credit entries on our current account No.
opened under the name of our institution on your books, the cash balance denominated in which is reported to you daily by Midclear after the final allocation of the cash settlement operations involving securities or other financial instruments.

In addition, we authorize you to provide Midclear with daily reports on the balance of our account.

This authorization shall remain in effect until expressly terminated by us.

We commit ourselves to providing Midclear with expeditious notification of any changes affecting our account number so as not to interrupt or delay the accounting of cash transactions relating to the settlement of operations involving securities or other financial instruments.

Yours sincerely,

Member code at Midclear:

Beirut,

Member seal

Signature (s)

*Return in duplicate to MIDCLEAR
ARESCO CENTER – 15TH FLOOR
Beirut - LEBANON*

ANNEX III

**CASH SETTLEMENT AT BANK OF LEBANON FOR OPERATIONS
INVOLVING SECURITIES OR OTHER FINANCIAL INSTRUMENTS IN
RESPECT OF “CLEARED FOR” MEMBERS**

We jointly declare that cash settlements relating to operations involving securities or other financial instruments denominated in respect of the institution known as
(enter name of institution and its member code at MIDCLEAR)

.....
hereinafter referred to as the “cleared for” member,
shall be settled in the account, on the books of Bank of Lebanon, held by the institution known as
as
(enter name of institution and its member code at MIDCLEAR)

.....
hereinafter referred to as the “clearing agent” member.

This agreement shall remain in effect until terminated by one of its parties, under the following conditions:

- the “cleared for” member terminates the agreement and transmits to Midclear a new declaration signed by the member and the member’s new “clearing agent;”

- the “cleared for” member terminates the agreement and transmits to Midclear a letter in which said member declares itself to be the “clearing agent.” This letter should be accompanied by another letter (in duplicate) authorizing Bank of Lebanon (i) to debit or credit the member’s sub-account on a daily basis with amounts representing the cash balance of operations as reported by Midclear, and (b) to provide Midclear with daily reports on the balance in the sub-account in question (*see annex II*).

In both cases, the “cleared for” member should send the documents to Midclear 10 business days before the respective situations take effect.

- the “clearing agent” member terminates the agreement, notifying Midclear as well as the agent’s “cleared for” member 10 business days before said termination takes effect. If the “cleared for” member fails to designate a new “clearing agent” within the 10-day period of time allowed for the purpose, Midclear shall reject said member’s delivery versus payment transactions.

Beirut,

“Cleared for” member
(Authorized seal and signature)

“Clearing agent” member
(Authorized seal and signature)

*Return in duplicate to MIDCLEAR
ARESCO CENTER – 15TH FLOOR
Beirut – LEBANON*