

## Decision 773: BDL Tightens Oversight on Banks Investing in Startups and VCs



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Banque du Liban (BDL) issued decision 773, on September 4, 2026, to update and tighten the rules around facilities it had previously granted to banks for investing in startups and venture capital (VC) companies. The aim is to ensure better oversight, protect invested funds, and reduce risks.

### Key Points

The decision sets a ceiling of 2% on management fees of shareholder loans approved by BDL and VC injections, for a maximum five-year investment period. It also caps management fees at 2% of invested funds in start-up companies for the rest of the years, after deducting impairments and liquidations, placing responsibility on fund managers and auditors for proper impairment booking, since any delay directly affects the calculation of management fees. Banks that fail to comply with this decision will face legal action under the applicable laws.

Under the circular, banks must provide BDL with detailed quarterly reports within 40 days from the date of this decision and subsequently within 15 days after the end of each quarter, including information on the companies in which they participate, whether directly or indirectly, the fund management companies, financial performance of the startups, management fees and expenses, and exit plans.

Moreover, banks must obtain Central Bank approval before making major decisions affecting the value of loans given by BDL, such as:

- Increasing capital or debt.
- Changing investment strategy or duration.
- Selling assets, restructuring, or moving companies abroad.
- Waiver of essential rights or claims.
- Changing management companies or fee or profit-sharing structures.
- Mergers or transactions that could create conflicts of interest.

Furthermore, the circular requires banks to implement strong internal governance measures in handling their investments, subject to senior management or board oversight. Banks are also required to align their interests with those of the management company and BDL, particularly by working to improve the company's market value for a profitable exit. In addition, banks should identify current or potential conflicts of interest and provide BDL with requested documents.

The decision concludes that BDL will no longer issue new loans or facilities under the amended article.

The decision will be effective as soon as it is published in the official gazette.

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