

**Instructions No (1) of 2018**  
**On Politically Exposed Persons**  
**Issued by the National Committee for Anti-Money Laundering and Countering the**  
**Financing of Terrorism**

**The National Committee for Anti-Money Laundering and Countering the Financing**  
**of Terrorism,**

**Pursuant to the provisions of the Anti-Money Laundering and Countering the**  
**Financing of Terrorism Decree Law No. (20) of 2015 and its amendments; especially**  
**Articles No. (6) and (14/20)**

**And in pursuance of the public interest,**

**Hereby issues the following instructions:**

**Article (1)**

**Definitions**

For the purpose of the present instructions, the following words and expressions shall have the meanings hereunder assigned to them, unless the context indicates otherwise:

**Law:** The Anti-Money Laundering and Countering the Financing of Terrorism Decree Law No. (20) of 2015 and its amendments.

**The Committee:** The National Committee on Anti-Money Laundering and Countering the Financing of Terrorism established under Article (19) of the Law.

**The Unit:** The Financial Follow-Up Unit established under Article (23) of the Law.

**Financial Institution:** Any natural person or legal entity subject to laws in force in the State of Palestine and whose profession or activities are

connected to any of the activities stated in Annex No. (1) attached to the Law, whether the person or entity engaged therein for the benefit of himself/itself or his/its customers.

**Designated Non-financial Businesses and Professions:** Refers to the businesses stated in Annex No. (2) attached to the Law.

**Customer:** Any natural or legal person connected through a business relationship with any of the financial institutions or any of the designated non-financial businesses and professions.

**Politically Exposed Person (PEP):** the person along with his family, relatives, and associate, who are or have been entrusted, in Palestine or abroad, with prominent public functions or senior positions, including, but not limited to, the categories referred to in Article No. (3) of these instructions.

**Express Trust:** A legal arrangement whereby a settlor places funds under the trustee's control for the benefit of beneficiary or for a specific purpose, and these assets constitute funds independent of the property of the trustee, and the right in the assets remains in the name of the settlor or in the name of another person on behalf of the settlor.

**Legal arrangements:** refer to a legal arrangement established between different parties according to an agreement, including express trusts or other similar legal arrangements.

**Beneficial Owner:** A natural person who has the ultimate ownership or control, whether directly or indirectly, and includes the person on whose behalf a transaction is being conducted, or a person who exercises the ultimate effective control over a legal person or arrangement.

2- The terms and expressions contained in the AML/CFT Decree Law No. (20) shall be applied where mentioned in the instructions.

## **Article (2)**

### **Scope of Implementation**

The provisions of these instructions shall apply to the Financial Institutions and Designated Non-financial Businesses and Professions and their branches that operate abroad, insofar as the laws and regulations in force in the concerned country in which the branch is situated so permit.

## **Article (3)**

### **Categories of Politically Exposed Persons**

For the purpose of the implementation of these instructions, Politically Exposed Persons (PEPs) are individuals assigned any of the following positions or functions, whether domestic or foreign, and their family members and associates:

1. Individuals holding a prominent public political or senior position, including:
  - a) Heads of state and heads of subordinate institutions
  - b) Prime minister, cabinet ministers and similar officials
  - c) Deputy ministers and similar officials
  - d) Directors and directors-general in public and government service and similar officials
  - e) Directors and chairmen of public agencies and institutions and similar officials
  - f) Head (speaker) and members of the legislative council
  - g) Head and members of the judicial council
  - h) Members of the judiciary in all ranks
  - i) Members of the public prosecution
  - j) Directors, heads and officials of state security apparatuses and the department and division heads of security apparatuses in general directorates and governorates

- k) Heads, directors and senior officials of Palestinian National Security Forces and the department and division heads of national security in general directorates and governorates
- l) Leading and high-rank figures and individuals holding senior positions in the Palestinian political parties and factions
- 2. Chairmen, deputy chairmen and general managers of charitable institutions and societies and local and foreign non-governmental agencies and members of their boards of directors/trustees.
- 3. Ambassadors, consuls and members of diplomatic missions
- 4. Presidents and general managers of international organizations, their deputies and representatives
- 5. Chief executive officers of state-owned enterprises.

#### **Article (4)**

#### **Risk-Based Approach**

Financial Institutions and Designated Non-financial Businesses and Professions shall be committed to identify, understand and assess risks and implement a Risk-Based Approach to Customer Due Diligence procedures with respect to PEPs as stipulated in Article (6) of the Law. They shall identify and assess risks associated with PEPs and put in place adequate policies and measures to deal with them.

#### **Article (5)**

#### **Enhanced Due Diligence**

In addition to procedures of due diligence stipulated by Article (6) of the Law, Financial Institutions and Designated Non-financial Businesses and Professions must take the following measures with respect to PEPs:

1. Provide appropriate risk management systems and policies for determining whether a customer or a beneficial owner is a politically exposed person, both domestic and foreign, or a family member or associate of a Politically Exposed Person.
2. Attain senior management approval prior to establishing or maintaining of a business relation with a Politically Exposed Person.
3. Obtain the approval of the institution's senior management before establishing or maintaining a business relationship with the customer.
4. Adopt reasonable measures to determine the source of wealth and property of a Politically Exposed Person, as verified by a legally recognized source.
5. Provide ongoing surveillance of the business relationship and validate its soundness and suitability for the financial activity; give special attention to due diligence measures on any Politically Exposed Person conducting business or transactions through them; verify the nature and purpose of any process involving a Politically Exposed Person and retain due diligence assessment records.

#### **Article (6)**

##### **Insurance Policy Risk**

1. Financial Institutions and Designated Non-financial Businesses and Professions must implement suitable measures to determine whether the Politically Exposed Person is a beneficiary owner of a life insurance policy. When the PEP is the beneficiary owner of a life insurance policy, they must take the following actions:
2. Notify the Institution's senior management before payment of life insurance proceeds and conduct a thorough assessment of the business relationship.
3. Consider notifying the Unit through the approved notification form.

#### **Article (7)**

##### **Nullification**

1. Instructions No. (1) of 2014 about of PEPs, is nullified.

2. Any [legislation] that conflicts with the provisions of these instructions shall be nullified.

### **Article (8)**

#### **Implementation and Publication**

All competent agencies, each within its purview, must implement the provisions of these instructions which come into effect from the date they are published in the Official Gazette.

**Issued in the city of Ramallah on 1 November 2018. .**

**The National Committee for Anti-Money Laundering and Countering the Financing of Terrorism.**