

**Anti-Money Laundering and terrorism financing
Decree Law No. (20) of 2015
And Its Amendments Issued By The Decree Law No.
(13) of 2016**

**The President of the State of Palestine,
The Chairman of the Executive Committee of the Palestine
Liberation Organization,**

**After examining the Amended Basic Law of 2003,
And amendments thereto, particular Article 43 thereof,
And based on the authorities conferred upon us,
And to serve the public interest,
And The name of the Palestinian Arab people,**

We have issued the following decree law:

**Chapter (I)
Definitions and general provisions**

**Article (1)
Definitions**

For purposes of implementing the provisions of this law, the following terms and expressions contained in this law shall have the meanings indicated below, unless the context indicates otherwise.

President: President of the State of Palestine.

Monetary Authority: The Palestinian Monetary Authority.

Governor: The Governor of the Monetary Authority.

Committee: The National Committee Anti- Money Laundering, and countering terrorist financing established under the provisions of this law.

Unit: The Financial Follow-Up Unit established under the provisions of this law.

Property: All types of assets, whether corporeal or incorporeal, movable or immovable; legal instrument or documents of any form, including electronic or digital, proving rights of ownership of such assets or a share thereof; currency in

circulation; foreign currencies; banking credits; traveler's checks; bank checks; cash transfers; shares; securities; bonds; drafts; and documentary credits; and any interest on and shares in profits; or any other income or value due or resulting from such assets.

Predicate offences: The offences stipulated in Article 3 of this law.

Money- Laundering: committing any of the stated acts in paragraph (1), article (2), in this law.

Proceeds: property resulting directly or indirectly, partially or fully, from a predicate offence.

Financial institution: Any natural person or legal person subject to laws in effect in the state of Palestine, whose profession or activities are connected to any of the activities stated in [Annex No. 1] attached to this law [Annex No. 1], 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 this law.

Financial transaction: Any disposition of property, including any purchase, sale, loan, pledge, transfer, transport, delivery, or other disposition of property affected by a natural person or legal person, including: the deposit, withdrawal, or transfer of funds from one account to another; conversion of currency; granting of a loan or extension of credit; purchase or sale of shares, debt securities or certificates of deposit; or the rental of safe deposit boxes.

Beneficial owner: A natural person who owns or controls definitively the agent or account of a person who acted on the natural person's behalf in executing a transaction; or a person who exercises effective and definitive control of a legal person or its management.

Instrumentalities: Any property or instrument used or intended to be used in any way, fully or partially, to commit one or more predicate offences.

Precautionary seizure: A temporary prohibition against transporting, transferring, converting, disposing, moving, or using property or the proceeds resulting from a offence, or the temporary seizure of such property or proceeds, based on an order issued by the competent court or competent authority.

Confiscation: The permanent divestment and deprivation of property or

proceeds resulting from a offence or of the instrumentalities used in a offence, based on a judicial judgment issued by the competent court.

Politically exposed person (PEPS): the person along with his family, relatives, and associate, who are or have been entrusted with prominent public functions or political positions in Palestine or abroad includes senior political parties' officials, judges, legislative council members, prosecutors, heads of State-Owned Enterprise and the heads of institutions and commissions, charities and NGOs or the authorities of the State of Palestine or of any other foreign state and heads and prominent representative of international organizations

Payable from exporter's account: A counterpart account used by a third party directly to conduct transactions on his behalf.

Fund or value transfer service: [A service that] accepts cash, checks, or any other cash instrument or means used to store a value and repays the corresponding sum in cash or any other form to the payee through correspondence, messages, transfers, or a clearing system linked to the fund or the value transfer service.

Controlled delivery: Method enables verification and substantiation with all means of Proof of smuggling crimes. This method need not be based on the seizure of goods within or outside the scope of Customs. It allows for verification of crimes concerning the smuggling of goods when customs declarations were submitted and the goods were examined and cleared without any remark or reservation by the department indicating a smuggling crime.

Undercover operation: An investigation method involving the participation of a judicial police officer assigned to enforce the law. The officer adopts a secret or borrowed identity, or plays a temporary role or the role of informers who acts to direct the investigation officer and in all cases is an instrument for the obtainment of evidence or other information concerning a crime.

Organized crime group: Any organized group of three or more persons who, for a period of time, act in collusion to commit one or more crimes to obtain financial or material benefits of any type directly or indirectly.

Wire transfer: Any transaction executed by electronic means on behalf of a natural person or legal person through a financial institution to provide a sum of money to a payee in another financial institution.

Competent authority: All government agencies assigned to combat money-laundering operations according to its authorities including public prosecutors and law enforcement.

Supervisory authority: The authority assigned by laws to regulate and supervise financial institutions and non-financial businesses and professions.

Freezing: The prohibition of transferring property or equipment or other instrumentalities, or converting or disposing or moving, when owned by persons or specific entities, or controlling; pursuant to a decision issued from a competent court or other authorized authority, the attorney general, or according to the procedures of the United Nations Security Council or its resolutions, and throughout its validity period.

Terrorist: Anyone commits any of the following acts:

1. Commits or attempts to commit, or participates as an accomplice in any terrorist act by any means directly or indirectly; or organizes terrorist acts or directs people to commit terrorist acts
2. Contributes in terrorist acts with a group of persons acting with a common purpose, such contributions shall be willfully made with the aim of enhancing terrorist acts to be made with knowledge of the intention of the group to commit any of the terrorist acts.

Terrorist Acts: Any act as stipulated for in the penal code and any enforced laws in Palestine.

Terrorist organization: Any group of terrorists who commits any of the following acts:

1. Commits or attempts to commit terrorist acts deliberately by any means directly or indirectly; or accomplices in executing or organizing terrorist acts, or directs others to commit terrorist acts.
2. Contributes in committing terrorist acts with a group of people, who are acting with a common purpose, to contribute deliberately to affirm the terrorist act or with the knowledge of the intention of group to commit terrorist acts.

Foreign Terrorist Fighters: The individuals who travel to a country other than their residence or nationality country, for the purpose of committing, or planning or preparing or participating in terrorist acts or providing or receiving terrorist training.

Article (2)
The offence of Money Laundering and Terrorist Financing

1. Any person who commits any of the following acts shall be considered to have committed the offence of Money Laundering:
 - a. Conversion or transfer of property with the knowledge that the property is the proceeds of a offence to thereby conceal or disguise the illegal source of the property or to aid a person complicit in the commission of a predicate offence to escape the legal consequences of his acts.
 - b. Concealment or disguising of the actual nature, source, location, disposition, movement, or ownership of property or rights to property with the knowledge that such property constitutes the proceeds of a offence.
 - c. Acquisition, possession, or use of property with the knowledge, at the time of the receipt of such property, that the property constitutes the proceeds of an offence for purpose to conceal and disguise illegal source of such property.
 - d. Participating in, aiding, abetting, conspiring in, providing advice or counsel on, facilitating, colluding in, concealing, or attempting to commit any of the acts stipulated in this article.
2. Knowledge, intent, or aim-given that they are basic elements necessary for the offence shall be inferred from factual, objective circumstances to approve the concealed source of proceeds without the need to obtain evidence of the predicate offence.
3. The offence of money laundering obtained from any predicate offence committed inside or outside State of Palestine shall be considered an offence, provided the predicate offence is criminalized under the law in effect in the country where the offence occurred. The offence of Money- Laundering shall also apply to persons who commit the predicate offence.
4. **Terrorist financing:** Any person who willfully or attempt to provides or collects property by any means, directly or indirectly, from a legitimate or illegitimate source, with the unlawful intention that they should be used, or in the knowledge that they are to be used, in full or in part, for the benefit of an individual terrorist, or for a terrorist organization, or for terrorist group or commission terrorist, or to carry out any terrorist act.

5. The acts mentioned in paragraph (4) of this article are considered terrorist financing offenses, even if the terrorist act did not occur, or the property was not actually used to carry out or attempt to carry out the act, or if the property was not linked to a specific terrorist act, and regardless of the country where the terrorist act or the attempt occurred.

6. Anyone is banned from doing the following acts:

a. Recruiting, organizing, transporting or equipping of foreign terrorist fighters, moving, providing, preparing terrorist fighters, or financing their travels and other activities

b. Traveling or attempting to travel from Palestine to any other country for the purpose of committing, participating, planning or preparing any terrorist acts or providing or receiving of terrorist training

c. Providing or collecting money willfully or knowing that money will be used to finance foreign fighters' moves and travels or to facilitate or to organize their travels

d. Entry or transit the state of Palestine for purposes related to terrorist acts

Article (3) Predicate Offences

Any property attained from the following offences shall be considered illegal property and the object of the offence of Money Laundering:

Part

1. Participation in a criminal group or an organized fraud group.
2. Human trafficking and alien smuggling.
3. Sexual exploitation of children and women.
4. Illegal trafficking in narcotics and psychoactive substances.
5. Illegal trafficking in arms and ammunition.
6. Illegal trafficking in stolen and other goods.
7. Bribery and embezzlement.
8. Fraud.
9. Counterfeiting currency
10. Counterfeiting and piracy of products.
11. Crimes in violation of the Environment Law.
12. Killing or serious harm.
13. Abduction, holding captive, or taking hostages.
14. Burglary and theft.

15. Smuggling.
16. Extortion, threat, or intimidation.
17. Forgery.
18. All types of piracy
19. Offences provided for in articles (99,89,88,87) of securities law in force
20. Corruption offences
21. Tax crimes
22. Illegal sale or conversion of land by the applicable regulations in Palestine, including mediation or any act aims to illegally alienate land or part of the land to be annexed to a foreign country.
23. Breach of trust
24. Offences provided for in Antiquities Law operating in Palestine
25. Financing of terrorism and terrorist acts
26. cybercrime's

Chapter (II)

Transparency and the Obligations of Financial Institutions and Non-financial Businesses and Professions

Article (4) Transparency

1. Financial institutions may not enter into or continue business relationships with registered banks that lack a physical presence and are not subordinate to a regulated financial group that is subject to the effective, sound supervision by the competent supervisory authorities.
2. Financial institutions may not enter into or continue business relationships with respondent financial institutions in a foreign country if such institutions permit the use of their accounts by banks registered in territories where they lack a physical presence and are not subordinate to a regulated financial group that is subject to effective supervision by the competent supervisory authorities.

Article (5) Duties of The Competent Authority

The competent authorities must:

1. Maintain, protect, and update adequate, precise information regarding the beneficial owners, title and control structure of legal persons established in the State of palestine.

2. Inform the Unit and the agencies in charge of enforcing the law of the information stated In paragraph 1 of this article promptly in cases of suspicion and investigation.

Article 6

Customer Due diligence

Financial institutions and non-financial businesses and professions should carry out the following:

1. Should not keep anonymous accounts or accounts in obviously fictitious names and identify and verify the identities of their customers (natural persons or legal persons) and beneficial owners through reliable documents, data, or records in the following cases:
 - a. The development of a business relationship.
 - b. The execution of any occasional transaction by the customer when:
 - 1) A transaction whose value equals or exceeds the value set by the Committee According to instructions issued in this regard, regardless of whether the Transaction is conducted as one transaction or a number of apparently linked Transactions. If the transaction amount is unknown at the time the transaction is conducted, the customer's identity shall be ascertained as soon as the sum is determined or reaches the limit set.
 - 2) A domestic or international property transfer.
 - c. In case of doubts about the accuracy or adequacy of previously obtained data concerning the identity of a customer.
 - d. Where there is a suspicion of money laundering or terrorist financing.
2. Collect information on the anticipated purpose and intended nature of the business relationship.
3. Should undertake customer due diligence and ongoing, regarding any business relationship, and carefully study transactions executed and their purpose to ascertain whether they are consistent with the information possessed by any financial institution or non-financial profession or business regarding its customers and the customers' commercial activities, risk file, and when necessary sources of funds according to the law.

4. Adopt specific, adequate measures for dealing with the risk of Money-Laundering in a defined way and for ascertaining a customer's identity in the event that a business relationship is established or in the event that transactions are executed with a customer lacking a physical presence.

5. risk management instructions for determining whether a customer or beneficial owner is a politically exposed person. If this is the case, it is necessary to:

- a.** Obtain the approval of the institution's senior management before establishing a business relationship with the customer.
- b.** Adopt all reasonable measures to determine the source of wealth and property.
- c.** Provide greater ongoing surveillance of the business relationship.

6. Regarding cross-border relationships with correspondent banks, financial institutions shall:

- a.** Identify and verify the receiver institutions with which they establish banking relations.
- b.** Collect information on the nature of the activities practiced by the receiver institution.
- c.** Evaluate the reputation of the receiver institution and the nature of the supervision to which it is subject based on published information.
- d.** Obtain the approval of senior management before establishing a banking relationship with the receiver institution.
- e.** Evaluate the anti-Money Laundering controls implemented by the receiver institution.
- f.** Ascertain, in the event of payment from a payable through account, that the receiver institution has verified the identity of the customer, that it implements mechanisms for constant surveillance of its customers, and that it is capable of providing relevant identifying information when requested to do so.

7. If financial institutions and non-financial businesses and professions are unable to meet their obligation to exercise the requisite ongoing prudence mentioned in paragraphs 1-5 of this article, they may not establish or continue in a business relationship, and they must, when necessary, submit a report to the Unit according to this law.

8. Adopt the risk based approach and understand, identifying the risks of money laundering and financing terrorist financing, and set policies and strategies in accordance with risk; as financial institution shall report the results of taken measures to competent authorities in demand.

Article (7)

Precious metals and precious stone dealers and other dealers that conduct high-value transactions must identify their customers when receiving a cash payment in the value set in instructions issued by the Committee.

Article (8) **Wire Transfers**

1. Financial institutions whose activities include the execution of transfers including cable, electronic, and telephone transfers— should obtain and verify the following:

- a.** Full name.
- b.** Account number.
- c.** Address.
- d.** National identification number or any legally approved document, or the date and place of birth if the address is unobtainable.
- e.** When necessary, the name of the financial institution originating the transfer.
- f.** The payment message or form attached to the transfer must contain the information stated in paragraphs a-e of this article. If there is no account number, a specific reference number must be attached to the transfer.

2. The monetary authority shall issue instructions regarding financial transfers.

Article (9) **Special Monitoring**

1. The financial institutions and designated non-financial businesses and professions must devote special monitoring to the following:

- a.** All abnormally complicated and major transactions and all types of irregular transactions that have no clear, obvious economic or legal objective.

b. All financial transactions executed by natural persons or legal persons in countries that do not apply, or do not apply in the required manner, international standards for combating money-laundering or terrorist financing operations.

2. Financial institutions and designated non-financial businesses and professions must prepare a written report containing specific information on the transactions mentioned in paragraphs (a ,b) of paragraph (1) of this article and the identity of all concerned parties. This report must be kept as stipulated in Article (10) of this law. It must also be provided if requested by the Unit, the supervisory authority, or other competent authorities.

Article (10) **Record keeping**

Financial institutions and non-financial businesses and professions must retain all records and documents concerning domestic or foreign financial transactions and commercial and cash transactions files of commercial accounts and correspondence, and copies of personal identification documents for at least 10 years from the date of the start or completion of the financial transaction or the end of the business relationship, and allow judicial authorities to obtain it accordance to the enforcing laws.

Article (11) **Internal Measures**

1. Financial institutions and non-financial businesses and professions must prepare and implement programs to prevent money laundering and terrorist financing or any predicate offence. These programs shall include the following:

a. Internal policies, procedures, and controls, including appropriate administrative and supervisory procedures, and screening of employees to ensure compliance with the highest hiring standards.

b. Ongoing training of officials and employees to help them identify transactions and actions linked to money laundering or terrorist financing or any of predicate offence and to know the procedures which they must follow in such cases.

C. Internal arrangements for auditing accounts to ascertain compliance with, and the soundness of, procedures adopted to implement and observe this law.

2. Financial institutions and non-financial business and professions must designate an employee called "liaison officer" to monitor compliance with the aforementioned measures, and to assume responsibility for implementing the provisions of this law in the concerned establishment, and communicate with the unit in the all matters relating to the implementation of the provisions of this Act and any regulations made thereunder and instructions, and reporting of transactions suspected, or was aware of an incident or activity may constitute an indication of the offence of money laundering or terrorist financing or any of the predicate offences.

3. The supervisory authority may establish, according to the Committee's instructions, the type and extent of measures that must be adopted by financial institutions and non-financial businesses and professions in order to apply the provisions of this article.

Article (12) **subsidiary companies**

1. The provisions of Articles (6,7,8,9,10,11) of this law shall apply to subsidiary companies and branches of financial institutions operating outside the National Authority's territories insofar as such provisions do not conflict with legislation in effect in the concerned countries.

2. Financial institutions with branches or subsidiary companies in countries whose laws prohibit the proper application of the provisions of this law shall so notify the supervisory authority.

Article (13) **Duties of the Supervisory Authorities**

1. The supervisory authority and the competent authority shall be responsible for supervising compliance by financial institutions and non-financial businesses and professions with Articles (4, 5, 6, 7, 8, 9, 10, 11, 12,) and Chapter (V) of this law and the regulations and instructions issued in this regard.

2. The supervisory authority shall, insofar as doing so does not conflict with the provisions of this law:

- a. develop the necessary procedures for acquiring, managing, or directly or indirectly participating in the management, organization, or operation of a financial institution or non-financial business and profession.

- b.** regulate and supervise financial institutions to ensure the compliance thereof with the duties stipulated in Articles (4, 5, 6, 7, 8, 9, 10, 11, 12) and Chapter (V) of this law, including the conduct of field inspections.
- c.** issue instructions to help financial institutions and non-financial businesses and professions comply with the requirements stipulated in Articles (4, 5, 6, 7, 8, 9, 10, 11, 12) and Chapter (V) of this law.
- d.** cooperate and exchange information with other competent authorities, assist in investigations, bring judicial actions, and initiate procedures regarding the offence of money laundering and predicate offences.
- e.** Enhance internal cooperation, according to criteria or objectives established by the Committee regarding the reporting of suspicious transactions based on existing and future national and international criteria.
- f.** Ensure that financial institutions, including the foreign branches and subsidiaries thereof, implement the procedures stipulated in this law to the extent permitted by the legislation of the countries in which they operate.
- g.** Report to the Unit promptly any information on transactions or occurrences suspected to involve money laundering or terrorist financing or any of the predicate offence.
- h.** Maintain statistical data on measures taken and penalties imposed in the course of implementing the provisions of this article.

3. The Supervisory and competent authorities shall adopt the risk based approach; and understand, identifying the risks of money laundering and terrorist financing, and set policies and procedures; ensure to what extent financial institutions and non-financial business and professions comply with the risk based approach, as supervisory authority shall report measures taken to the committee, accordance with the provisions of this article.

Article (14) Reporting

1. Financial institutions and non-financial businesses and professions that suspect, or have reasonable grounds to suspect, that property represents the proceeds of an offence, or they have knowledge of an occurrence or activity that may indicate the commission of the offence of money laundering , or terrorist financing or any of predicate offence must submit reports in this regard promptly to the Unit according to the instructions issued in this regard by the Unit to the extent that doing so does not conflict with clauses (3, 4, 5) of this article.

2. paragraph (1) of this article shall apply to attempts to conclude transactions.
3. An attorney shall be exempt from the duty to report information which he receives from, or obtains about, his customers in the course of the attorney's determination of his customer's legal status or the attorney's defense or representation of his customer in or regarding litigation procedures, including consultations on the initiation or avoidance of litigation, regardless of whether such information was received or obtained before, during, or after such procedures.
4. Precious metal and previous stone dealers and dealers who conduct high-value transactions must report, to the Unit, any suspicious transactions under paragraph (1) of this article when they enter into any cash transaction whose value equals or exceeds the value set by the Committee in the instructions issued by the Committee in this regard.
5. Real estate agents and brokers must report, to the Unit, suspicious transactions consistent with paragraph (1) of this article when executing real-estate sale or purchase transactions for their customers.

Article (15)
Financial Institution restriction

Taking into account the provisions of article (16), financial institutions and non-financial business and professions shall:

1. If a financial institution suspects or has reasonable grounds to suspect that financial transaction or the funds may indicate the commission of the offence of money laundering, or terrorist financing or any of predicate offence, it should not execute the transaction and report promptly its suspicions to the Unit.
2. If Refraining from execution of transaction is impossible; executions of transaction shall be in accordance with mechanism provided for in paragraph (1) of this article, then inform the unit immediately.
3. Required mechanism to implement paragraphs (1,2) of this article, is issued by the committee.

Article (16)
Disclosure of Information

1. Financial institutions and non-financial businesses and professions, their managers, officials or employees are prohibited from disclosing to a customer or to a third party any information submitted to the Unit, or that a report on a suspected money-laundering offence is being, has been, or will be submitted to

the Unit, or that an investigation of money laundering, terrorist financing or a predicate offence was or will be conducted.

2. Subject to paragraph (1) of this article, managers, officials, and employees of financial institutions and non-financial businesses and professions, legal counsels, and the relevant competent authorities may, among themselves, disclose or communicate regarding suspicion money-laundering offences or terrorist financing or any of predicate offences.

Article (17) **Exemption from Liability**

No criminal, civil, disciplinary, or administrative measures shall be taken for violation of banking, professional, or contractual secrecy against financial institutions and non-financial businesses and professions, their managers, officials, or employees who submit, in good faith, reports or information in accord with the provisions of this law.

Article (18)

No penal action at law may be brought regarding the offence of money laundering or terrorist financing or any of predicate offences against financial institutions or non-financial businesses and professions, or their managers, officials, or employees regarding the execution of a suspicious transaction reported in good faith according to Articles (14, 15) of this law.

Chapter (III) **The National Anti-Money Laundering, CFT Committee**

Article (19) **Establishment of the Committee**

1. Under this law, a committee called the “The National Anti-Money Laundering, and CFT Committee ”shall be established by decree of the President, The Committee’s members shall include:
 - a. The governor of the Monetary Authority or his deputy in the governor’s absence, chairman.
 - b. A representative of the Ministry of Finance, member.
 - c. A representative of the Ministry of Justice, member.

- d. A representative of the Ministry of Interior, member.
 - e. A representative of the Ministry of National Economy, member.
 - f. Director, Bank Supervision Department, member.
 - g. Director of the Capital Market Authority, member.
 - h. A legal expert, member.
 - i. An economic and financial expert, member.
2. Representatives of government ministries mentioned in P(1) above shall be senior level staff members.
 3. The chairman of the committee is assigned to appoint the secretary of the committee from the unit.

Article (20)

Authorities of the Committee

The committee shall be authorized to:

1. Formulate general policies to combat the offence of money laundering and CFT, and ban financing of proliferation of weapons of mass destruction
2. Formulate policies that direct the Unit's activity and ensure its independent operation.
3. Coordinate with the competent authority to promote the policies and measures needed for the smooth flow of information between the Unit and the competent authorities.
4. Cooperate with the supervisory authority to ascertain that the agencies subject to the supervisory authority's supervision apply the provisions of this law.
5. Keep pace with international and regional developments in the field of combating money laundering and terrorist financing.
6. Represent the Palestine in international forums on combating money laundering and terrorist financing.
7. Coordinate with the competent authorities to prepare periodic reports, regarding which the Committee shall issue instructions.
8. Submit to the president of Palestine annual reports on combating money laundering, terrorist financing or financing or predicate offences.
9. Grant administrative and financial privileges for employees of the unit accordance with the operative regulations in the unit.
10. Examine specific information of the Unit to ascertain the soundness of the Unit's operation.
11. Seek the assistance of experts and specialists as it deems appropriate.
12. Appoint the Unit's director based on the Committee chairman's nomination for a term of five years subject to renewal once and appoint the Unit's employees from among experts and specialists, and Adoption of the

organizational structure.

13. Prepare the necessary regulations for implementing the provisions of this law, and submit the regulations to the president of state for the issuance thereof.

14. Issue instructions required to implement the provisions of this law

15. Conduct a risk assessment of money laundering and financing of terrorism. It shall consist of determining and assessing risks, setting policies and strategies, issuing instructions, obtaining the required information from supervisory and competent authorities, and taking necessary action to reduce those risks.

16. Identify and take the necessary measures related to the high risk countries and jurisdictions referral from the Unit.

17. Adopt the analytic and statistic report of the approaches of money laundering and financing terrorism offence.

Article (21)

Meetings of the Committee

1. The tenure of membership on the Committee shall be four years, subject to renewal once.

2. The committee shall meet at least four meetings annually and shall prepare minutes of its meetings. A committee meeting shall be valid if an absolute majority (one-half plus one) of the Committee members are present. The Committee shall issue its bylaws, which shall state the mechanism required for the Committee's operation, the method for convening Committee meetings, and the voting and decision-making mechanism.

3. The unit director may attend the Committee's meetings based on the Committee chairman's invitation, although the Unit director shall not have the right to vote.

Article (22)

Authorities of the Committee Chairman

The Committee chairman shall be responsible for the following duties:

1. Summoning the Committee to meet.

2. Representing the Committee in international forums, and signing on behalf of the Committee.

3. Recommending to the Committee the appointment of the Unit director.

Chapter (IV)
Financial Follow-Up Unit

Article (23)
Financial Follow-up Unit

An independent unit shall be established under this law to combat the offence of money laundering and financing of terrorism. It shall be designated the “Financial Follow-Up Unit” headquartered at the PMA to act as the national information center and shall be responsible for the following functions

1. Receive and request information, from competent authorities subject to this law, related to suspicions of money laundering and financing of terrorism or any of predicate offences provided for in article (3) of this law.
2. Analysis of the information mentioned in paragraph (1) of this article.
3. Receive daily paper and electronic reports from the financial institutions, with regards to internal or external financial transactions according to the regulations issued by the committee.
4. The unit Director and employees shall exercise judicial powers while they practice their job and missions accordance with the provisions of this law.

Article (24)

- 1 . The Unit shall perform its functions independently. Neither the Committee nor any other entity may interfere in the Unit’s functions or attempt to influence its decisions.
2. The Unit shall be funded by the Monetary Authority based on the budgets adopted and approved by the Committee..
3. The committee accredits and approves the budget provided by the unit’s director, and supervises the implementation.
4. The unit is responsible for implementing the budget approved by the committee based on the latter’s instructions.

5. The administrative and the financial regulations and instructions enforced in the Monetary Authority, including the staff regulations, shall apply to the unit and the employees. Insofar as doing so does not conflict with the provisions of this law

Article (25)

Reports

The director of the Unit shall prepare the following reports:

1. The periodic report stipulated by the rules and regulations issued under this law, and the annual report submitted to the Committee on the Unit's activities and activities relating to money-laundering, and terrorism financing or operations. The annual report shall be published in the format approved by the Committee.
2. 2. The director of the Unit shall issue a statistical report on trends, typologies, methods, and cases on combating money laundering, terrorist financing and predicate offences.

Article (26)

Disclosure of Information

1. 1. Members of the Committee and the director and employees of the Unit are prohibited from disclosing or divulging any information obtained in the course of their work in the Committee or the Unit even after the end of their service years.
2. paragraph (1) of this article shall apply to persons who are able to obtain any information, whether directly or indirectly, by virtue of their contact with the Committee or Unit.

Article (27)

The competent authority, without prejudice to its Laws, shall establish departments or divisions to coordinate with the Unit and provide it with information on transactions suspected to be related to money-laundering or terrorism financing according to the mechanisms established by the Committee.

Article (28)
Use of Information

Information obtained under this law shall solely be used to implement the provisions of this law.

Article (29)
Information Requests

1. All agencies, commissions, supervisory and competent authorities in the state of Palestine shall, without delay, provide the unit with any information related to its duties; as information shall be provided within the time frame as set by the unit.
2. Reporting entities shall, in accordance with article (14) of this law, inform or provide the unit, without delay, with any additional information related to their duties under this Law within the time frame set by the Unit.

Article (30)
Reporting

The unit shall notify the supervisory authority of any financial institution or non-financial business or profession that does not comply with the provisions of this law or with any regulations or instructions issued thereunder.

Article (31)
Authorities of the Unit

If the Unit has reasonable grounds to suspect that a transaction involves the offence of money laundering or terrorist financing or any of the predicate offences, it shall:

1. Submit reports on transactions or activities suspected of involving the offence of money laundering or terrorism financing or any of the predicate offences to the Attorney general.
2. submit reports to the attorney General Deputy delegated to the anti-corruption commission, if the predicate offences is corruption crimes.

3. Reports of this unit indicated in this article shall be considered official and probative.

4. The Unit may refer and disseminate the outcomes of the analysis of information related to the proceeds of offences suspected to involve money laundering, financing terrorism or predicate offences to the competent authority if the latter needs such information.

5. The Unit may provide any competent authority, upon request, with any information relevant to the outcomes of analysis and collection information of transaction involves the offence of money laundering, financing of terrorism or any of the predicate offences; Information referred to in this paragraph shall not be provided without the approval of the Unit

Article (32)

Suspension of Execution of Financial transaction

The director of the Unit may suspend the execution of a transaction for three 3 business days, whilst the attorney general may extend the suspension of transaction, upon the request of the Unit director, for another period not exceeding 7 business days if money laundering or terrorist financing is suspected.

Article (33)

Based on a decision issued by the competent court, the attorney general shall:

1. Monitor bank accounts and similar other accounts.
2. Have access to computer systems and networks and computer mainframes.
3. Monitor or track communications.
4. Make audio and visual recordings of, or photograph, actions, behavior, or conversations.
5. Intercept and seize correspondence.
6. Impose precautionary seizure on property and Instrumentalities linked to the offence of money laundering and financing terrorism; court order of seizure is appealable.

Article (34)

Exemption from Liability

Unit employees and every person officially assigned to investigate, collect evidence or track the proceeds relevant to money laundering and terrorism financing, shall be exempt from criminal, civil, or administrative liability, while they execute the provisions of this law.

Chapter (V)

Disclosure of Property

Article (35)

Cross-border currency declarations

1. Any person who enters or departs Palestine must disclose what he possesses in the way of property, bearer negotiable bonds, electronic currency, precious stones or precious metals if their value equals or exceeds the value set by the Committee instructions issued in this regard. The Customs authority may request further information from the person about the source, purpose of use or transfer of property, negotiable bearer bonds, electronic currency, or precious stones and metals. Declarations shall be recorded in a database and provided to the unit.
2. The provisions of paragraph (1) of this article applies to the operation of transfer currencies, negotiable bearer bonds, electronic currency, precious stones or precious metals into Palestine through person, mail service, shipping service, or any other means.

Article (36)

Customs authority

The Customs authority shall be responsible for:

1. seizure or impoundment of all or a portion of any sum of, bearer negotiable bonds, electronic currency, precious stones or metals not declared or disclosure or falsely declared, or where there is a suspicion of money laundering or financing of terrorism. The Customs Department must furnish the Unit with any information requested by the Unit.
- 2 controlled delivery operations regarding counter-smuggling crimes

Chapter (VI)

Penalties

Article (37)

money-laundering offences penalty

Without prejudice to any more severe penalty stipulated in the Penal Code or any other law, a person who commits the offence of money laundering shall be punished by the following

1. If a person commits the offence of money laundering stemming from a predicate offence that is a misdemeanor, the person shall be punished by imprisonment of 1-3 years and a fine no less than the value of the property of offence
2. If he committed the offence of money laundering stemming from a predicate offence that is a felony, the person shall be punished by imprisonment of 3-15 years and a fine no less than the value of property of the offence.
3. If he attempts to commit the offence of money laundering, or aids, abets, facilitates, or consults regarding the commission of this offence, he shall be punished by the penalty imposed on the primary perpetrator.

Article (38)

exemption from penalty

Any perpetrator who undertakes to report to the Unit or any competent authority the offence of money laundering or terrorist financing, before it has knowledge thereof, shall be exempt by the court from the penalty established in this law. If the reporting occurs after the Unit or another competent authority has knowledge of the offence, the criminal may be exempt from a penalty if the report led to the arrest of the other criminals or seizure of the property that is the object of the offence.

Article (39)

The legal person penalty

1. A legal person that commits the offence of money laundering or terrorism financing shall be punished, without prejudice to the liability of any natural person subordinate to the legal person, by a fine of (10,000 JD)- (200,000 JD) or the equivalent in currencies in circulation.

2. A person responsible for the actual management of a violating legal person shall be punished by the penalty stipulated in paragraphs (1, 2) of Article (37) and paragraph (1) of Article (43) of this law if his knowledge of the offence is demonstrated, or if the offence occurred as a result of his breach of his employment duties.

3. A legal person shall be jointly liable for payment of adjudicated fines and damages if the offence that occurred in violation of this law was committed by one of its employees on its behalf and to its benefit.

Article (40) **Confiscation of Properties**

1. In addition to the sentences stipulated in Articles (37, 39) of this law, the physical confiscation of the following shall also be ruled:

a. Property constituting the proceeds of the offence, including property mixed with, derived from, or exchanged for, such proceeds, or funds whose value equals such proceeds.

b. Property constituting the object of the offence.

c. Property constituting income or other benefits obtained from such property or proceeds of the offence.

d. instrumentalities.

e. Property mentioned in paragraphs (a-d) of this article that is transferred to a party deemed by the court to be the owner thereof, even if the owner obtained the property by paying a fair price or in exchange for providing services equal in value to the property, or on any legal basis, without being aware of the illegal source of the property.

2. In the case of property mentioned in clause (1) of this article, which is owned directly or indirectly by a person convicted of the offence of money laundering or a predicate offence, which property was acquired during the (10) years before the person was charged with the offence, the court may decide to confiscate such property if reasonable grounds exist to indicate that such property constitutes the proceeds of the offence for which the person was convicted, and the person is unable to prove that the property was obtained legally.

3. If a person convicted of money laundering is a fugitive or deceased, the court may decide to confiscate the property if it receives adequate evidence indicating that the property constitutes the proceeds of an offence as provided under this law.

4. The court must specify, in its judgments, the necessary details and location of the property to be confiscated.

Article (41)
Bona Fide Owner

The court may cancel the effect of any legal title that precludes the confiscation of property under Article (40) of this law. The amounts that are actually paid for the property shall be refunded to the bona fide new owner

Article (42)

Unless stipulated otherwise in this law, the ownership of confiscated property shall be transferred to the state of Palestine, and laws in effect shall apply thereto.

Article 43
Terrorism Financing Penalty

1. Any person commit or attempts to commit Terrorism Financing offence provided for in paragraphs (4,5,6) of article (2) of this law, shall be punished with imprisonment of no less than (5) years and fine no less than (50, 000 JD), confiscating all instruments used or intended to be used in the offence. Whoever acts as an accomplice, engages in and abets shall be punished by the penalty imposed on the primary perpetrator.
2. Each person who refrains from implementing the provisions of articles (6,7,8,9,10,11,14,29) of this law, shall be punished by imprisonment of no less than (1)year and no more than (3), years and fine of no less than (5,000 JD), and no more than (100,000JD), or what equals in active money; or by both of these penalties.
3. Any person who violates the provisions of articles (16,29)of this law shall be punished with imprisonment of no less than (3) months and no more than (1)year, or fine of no less than (1,000 JD) and no more than (10, 000 JD); or its equivalent or by both penalties
4. Any person who violates the provisions of the article (35) of this law shall be punished by fine no more than (10%),of unauthorized money value or on disclosure, false acknowledgment of money; penalty shall be doubled for repeated violation.
5. The court may issue a temporary or permanent injunction prohibiting a person from engaging in his activity if the person has been convicted of violating the provisions of the articles specified in paragraph (2) of this article.

Article (44)

- 1.** Any person who violates the provisions of this law or any decrees, or instructions issued in this regard, and does not comply with these requirements deliberately or through gross neglect, shall be deemed to have committed an administrative violation. The supervisory authority shall, upon detection by the commission of such violation by financial institutions and non-financial businesses and professions, adopt measures and impose one or more of the following penalties:
 - a.** A warning to comply with specific instructions.
 - b.** Submission of periodic reports by the concerned financial institution or non-financial business or professions, stating the measures which it takes or stating compliance with the specified instructions.
 - c.** Written warnings.
 - d.** Imposition of a fine of JD 1,000 - JD 50,000 or the equivalent in the currency in circulation.
 - e.** Prohibition of persons from employment in financial institutions and non-financial businesses and professions.
 - f.** Replacement or restriction of the authorities granted to the managers, chiefs, or controlling owners, including the appointment of a special director.
 - g.** Suspension, restriction, or withdrawal of a license, and a prohibition on continued engagement in the business or profession.
- 2.** Information on the measures taken under paragraph (1) of this article may be published to inform the public.

Chapter (VII) **General Provisions**

Article (45) **Exchange of information**

1. The unit may exchange information with counterpart units according to the principle of reciprocity, agreements or based on a memorandum of understanding signed by the Unit for these purpose; insofar as such agreements do not conflict with the laws in effect in the territories of the state of Palestine, The Exchange of information shall be strictly related to combating money laundering or terrorist financing.
2. In accordance to the laws in effect in Palestine; Palestinian judicial bodies may cooperate with non-Palestinian judiciary bodies in relation to mutual legal assistance, Letters rotatory, condemned, extraditions of criminals, requests of precautionary seizure or freezing of property or proceeds of offence that gave rise to money laundering or terrorist financing pursuant to the laws in effect in the state of Palestine and to mutual or bilateral agreements to which Palestine is a party.
3. In accordance to the laws in effect in the state of Palestine and with mutual or bilateral agreements to which Palestine is a party, Palestine judiciary bodies may execute the judgments issued by foreign competent judicial bodies requesting the confiscation of proceeds of money laundering or terrorist financing after legalization. The distribution of confiscated property will take place in accordance with the provisions of this law, and with bilateral agreements signed by Palestine in this regard.

Article (46) **Banking secrecy provisions**

In implementation of this Law, confidentiality provisions imposed by the laws, regulations and instructions in effect in Palestine, including banking secrecy, shall not prevent the implementation of the provisions of this Law. Banking secrecy provisions shall not be used as a pretext to refrain from disclosing or presenting any information on combating of money laundering or terrorist financing or on any predicate offence, save for what is stated in paragraph (3) of Article (14).

Article (47)

Committee of enforcing of UN Security Council Resolutions (UNSCR)

By the provisions of this law, a committee called (the committee of enforcing of UNSCR) shall be formed by presidential decree. The committee shall be responsible for implementing and enforcing all resolutions and decisions issued by United Nations Security Council in accordance with Chapter (VII) relevant to terrorism financing or Financing of Proliferation of Weapons of Massive Destruction. The authorities of the committee and its mechanisms to execute this article shall be stipulated by a president's decree.

Article (48)

The Council of Ministers shall issue the necessary regulations to implement the provisions of this law upon the National Committee's recommendation.

Article (49)

- 1.** Anti-Money Laundering Decree Law No. (9) of 2007, is nullified.
- 2.** Any [legislation] that conflicts with the provisions of this law shall be nullified.

Article (50)

This decree law shall be proposed to Legislative Council at first Session held to pass the law.

Article (51)
Application and Validity

All competent agencies, each within its purview, must implement, and operate according to the provisions of this decree from the date on which it is published in the Official Gazette.

Issued in the city of Ramallah on December 28,

2015, Mahmoud Abbas
President of the State of
Palestine Head of Executive
Committee of Palestine
Liberation Organization (PLO)

Annex No. (1)

Any [natural or legal] person who takes up, as work for himself [itself], one or more of the activities or operations listed below for the benefit or on behalf of a customer [shall be considered a financial institution]:

- 1.** Acceptance of deposits and other payable funds from the public.
- 2.** Lending.
- 3.** Financing lease.
- 4.** Transfer of funds or values.
- 5.** Issuance and management of means of payment.
- 6.** Financial guarantees and obligations.
- 7.** Transactions in:-
 - a.** Short-term debt instruments.
 - b.** Foreign currency.
 - c.** Exchange of currencies, interest rates, and financial instruments linked to stock market indices.
 - d.** Negotiable securities.
 - e.** The Future Contracts Trading Exchange Regulation Authority.
- 8.** Participation in, and provision of, financial services concerning issues of securities.
- 9.** Management of individual and mutual portfolios.
- 10.** Deposit and management of cash or liquid securities on the behalf of other persons.
- 11.** Other investments of funds or cash and the management and regulation thereof on behalf of other persons.
- 12.** Insurance, subscription to life insurance, and other investments in the insurance sector.
- 13.** Foreign exchange.
- 14.** Any activities or other transactions specified by the Committee.
- 15.** If a natural person or legal person engages in any of the activities or transactions mentioned above in an occasional or very limited manner, [as determined] based on definitive, quantitative criteria, the Committee may decide that the danger of money laundering is slight after the full or partial application of the provisions of this law to that natural person or legal person.

Annex No. (2)

Nonprofessional businesses and professions:

- 1.** Real estate agents and brokers.
- 2.** Dealers in precious metals and precious stones.
- 3.** Other dealers who deal in high-value transactions, including antiquities dealers.
- 4.** Attorneys and accountants when they prepare and execute transactions and participate therein to the credit of their customers with respect to the following activities:
 - a.** The purchase and sale of real estate.
 - b.** Management of customers' funds, securities, and other assets.
 - c.** Management of bank accounts, savings, or securities.
 - d.** Regulation of shares in the establishment, operation, or management of companies.
 - e.** Establishment, operation, or management of legal persons, or legal arrangements, and the purchase of business corporations.
- 5.** Providers of credit trust and corporate services not covered by the law, and persons who provide the following services to other parties on a commercial basis:
 - a.** Service as an agent for the establishment of legal persons.
 - b.** Work or arrangement of work for another person as a director or secretary of a company, or a partner in a partnership, or in a similar position relating to other legal persons.
 - c.** Provision of: a registered head office, commercial address, store address, mailing address, administrative address for a company, partnership, or any other legal person, or other arrangement.
 - d.** Work or arrangement of work for another person as a trustee of an express trust.
 - e.** Work or arrangement of work for another person as a nominated shareholder for another person.
- 6.** The Committee may determine the extent of commitment of any of the non-financial professions and business determined in this annex by money laundry procedures stated in the original law, partially or totally, if it turns out that the risk of money laundry or terrorism financing is insignificant through quantitative and absolute standards. The Committee may add any of the activities carried out by ordinary or legal persons to consider them within the determined non-financial business and professions, following quantitative standards stipulating that the risk of money laundry is significant, partially or totally.

