



**State of Palestine
Council of Ministers**

**Executive Regulation no. () of 2018
On Organizing the Mandate and Powers of the FFU**

The Council of Ministers,

Based on the amended Basic Law of 2003 and its amendments, particularly Article 70 thereof,
Pursuant to Decree Law no. (20) of 2015 on Combatting Money Laundering and Terrorism
Financing and amendments thereto, particularly Articles (20/13) and (48),

After reviewing Law no. (3) of 2001 on Criminal Procedures and its amendments,

Based on the recommendation of the President of the National Committee for Anti-Money
Laundering and countering Terrorism Financing (NCAML/CTF),

Based on the decisions approved by the Council of Ministers on 4/12/2018,

Based on authorities conferred upon us,

And to serve the public interest,

We have issued the following Regulation:

Chapter I

Definitions

Article 1

The following terms and expressions contained in this regulation shall have the meanings indicated below, unless the context indicates otherwise:

Law: Decree law no. (20) of 2015 on anti-money laundering and counter-terrorism financing (AML/CTF) and its amendments.

Committee: The National Committee for Anti-Money Laundering and Terrorism Financing (NCAML/CTF) established pursuant to the Decree Law.

Unit: The Financial Follow-up Unit (FFU) established pursuant to the Decree Law.

Competent Authority: All government agencies assigned to combat money laundering operations according to their authorities including the public prosecution and law enforcement agents.



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Supervisory Authority: The authority assigned by law to monitor and supervise financial institutions and non-financial businesses and professions.

Counterpart Units: International financial intelligence units concerned with combatting money laundering and terrorism financing.

STR/Reporting: The spontaneous reporting of information on transactions or activities suspected to contain a money laundering offense, any predicate offense or terrorism financing to the Unit, including attempted transactions or activities.

Operational Analysis: the use of available information and information that can be obtained in order to identify specific targets and track specific activities or operations and identifying links between these targets and potential proceeds of crime, money laundering, related predicate offenses or terrorism financing.

Strategic Analysis: the use of available information and information that can be obtained including information provided by supervisory authorities and other competent authorities, to identify and understand trends and typologies that allow the Unit to produce solutions to prevent money laundering and terrorism financing operations, provide input for policy making, set operational priorities and enhance the AML/CFT regime at the local level.



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**Chapter II
The Financial Follow-up Unit**

**Article 2
Receiving Suspicious Transaction Reports and Information**

The Unit receives reports and information from all reporting entities including financial institutions, designated non-financial businesses and professions (DNFBPs), competent and supervisory authorities regarding any transaction or attempted transaction suspected to include proceeds of crime or related to money laundering, any related predicate offense or terrorism financing. The Unit shall register such information in its database according to procedures set out in this regulation.

**Article 3
Collecting and Analyzing Information**

1. Upon receiving the STR, the Unit should collect and analyze information and may, in doing so, resort to competent and supervisory authorities in Palestine. This shall include an operational analysis of STRs and information received by the Unit and any other information that it may obtain in order to track suspicious transactions and persons related thereto, establish links among them and between them and any proceeds that may be generated by crimes of money laundering, terrorism financing or related predicate offenses. The Unit may in that regard:
 - a. Access records and documents of financial institutions and DNFBPs related to their domestic or international transactions, in addition to customer and beneficial owner files at such institutions and entities including their personal information, correspondence and previous transactions and dealings.
 - b. Request financial institutions and DNFBPs to complete any necessary data or information about customers and beneficial owners for the purposes of collecting and analyzing information.
 - c. Access as much financial and administrative information as possible including information from open or public sources, in addition to relevant information collected and/or kept by competent and supervisory authorities, or have such action done on its behalf.
 - d. Request from all entities and bodies in the State of Palestine and competent and supervisory authorities any basic or additional information related to their mandate pursuant to provisions of the Law.
2. The Unit shall analyze all STRs and information provided for under paragraph 1 of this Article, and prioritize such analysis according to the urgency and seriousness of the STR and the type and volume of information therein.



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3. The Unit shall issue the necessary criteria for priority indicators in following up on STRs.

Article 4

Operational and Strategic Analysis

1. In addition to the mandate and powers of Unit stipulated in the Law and this regulation, the Unit shall use available information that it can access for the purposes of both operational and strategic analysis.
2. The Committee shall adopt the establishment of special units or divisions within the Unit's organizational chart in order to meet the requirements of Paragraph 1 of this Article.

Article 5

Report Dissemination

1. Reports shall be disseminated pursuant to Article (31) of the Law.
2. The Unit may follow-up with the Public Prosecution on a regular basis to inquire about the outcome of an investigation, receive feedback on disseminated reports, and cooperate in requesting any additional information relevant to their mandate pursuant to the Law, provided it does not conflict with Article (59) of the Law on Criminal Procedures no. (3) of 2001 and its amendments.
3. The Unit shall use dedicated, secure and protected channels for such dissemination, according to controls issued by the Unit based on this regulation.

Article 6

Administrative preservation of Reports

The Unit shall preserve STRs in which no reasonable grounds to suspect committing a crime of money laundering, related predicate offense or terrorism financing were detected. Preservation also applies to reports where information collection and analysis does not indicate such reasonable grounds for suspicion. The preservation decision shall be justified.

Article 7

The Unit's Database

1. The Unit shall establish and regularly update a database populated with all STRs received by the Unit, any information in its possession regarding suspicions of money laundering, a related predicate offense or terrorism financing, efforts undertaken to combat such crimes at the domestic and international level, and disclosures received by the Customs Department pursuant to provisions of Article (36) of the Law.
2. The Unit shall keep in its database a record of STRs received from all reporting entities. Such records shall mainly include the following:
 - a. The STR's number, and the date and time of its receipt.



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- b. A summary of information included in the STR including the suspicious transaction and the reasons, motives behind the suspicion.
- c. The date and time of delivery of the STR to the Unit.
- d. Any action taken in terms of information collection and analysis and measures taken as a consequence of receiving such report and the nature of this measure.
- e. Any decisions or judicial sentence issued in that regard.

Article 8 Data Protection

The Unit shall set controls and guarantees to ensure the protection of information included in the database and shall provide dedicated, secure and protected channels to preserve the confidentiality and security of such information during the collection, analysis, preservation, dissemination and exchange of such. This shall specifically include:

- a. Identifying the information's level of security and confidentiality.
- b. The possibility of accessing its facilities and information, including IT systems and identifying Authorization to manage and use the database by the Unit's staff in addition to the granted access level.
- c. Receiving, recording, analyzing, disseminating and preserving documents and information.
- d. Disseminating or making information available to competent and supervisory authorities in the State of Palestine pursuant to the Law.
- e. Ensuring that the Unit's staff obtains the necessary security clearances and understand their responsibilities in dealing with and disseminating sensitive and confidential information.
- f. Preparing templates to request information for crimes of money laundering, predicate offenses or terrorism financing and the necessary assignment templates in that regard.
- g. Procedures and controls relevant to disseminating and exchanging information at the local and international levels through dedicated, secure and protected channels.
- h. Making information available for competent authorities in foreign countries and international organizations pursuant to the provisions of the Law.

Article 9 Unit's Independence

1. The Unit shall exercise its mandate and powers freely, independently and separately. The Committee or any other entity shall not interfere in its duties or try to influence its decisions. Such prohibition shall extend to any undue political, governmental or private sector influence or interference. The Unit shall have, in particular, the power and authority to do the following:
 - a. Exercise its operational mandate freely, and take independent decisions regarding the analysis, request, redirection and/or referral of any information.



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- b. Adopt arrangements or operate independently with competent or supervisory authorities or foreign counterpart units regarding exchange of information.
- 2. The Unit is financed by the Palestine Monetary Authority based on budgets adopted and approved by the Committee, provided they guarantee the following:
 - a. Establishing and executing the budget without any influence from the financing entity or any other entity.
 - b. Ensuring that budgets are sufficient to cover the financial, human and technical needs of the Unit in a way that would guarantee the effective performance of its duties.
 - c. The Unit shall be in charge of implementing the approved and adopted budget by the Committee according to instructions issued by the Committee in that regard and the Committee shall oversee its implementation.

**Article 10
Awareness Raising Against Risks**

The Unit shall undertake a leading role in raising the awareness of the public and competent and supervisory authorities against the risks of money laundering and terrorism financing and on the importance of combatting such in line with the National AML/CFT Strategy.

**Article 11
Keeping Abreast of International Developments and Making Policy Recommendations**

The Unit shall take necessary steps to keep abreast of developments in international standards and agreements relevant to combatting money laundering and terrorism financing, and suggest national strategies and policies relevant to combatting money laundering and terrorism financing.

**Article 12
Reporting Templates**

The Unit may issue and amend reporting templates for financial institutions and DNFBPs, including such a template to report transactions and activities or attempted to commit transactions suspected to include proceeds of crime, money laundering or terrorism financing. Such template shall include in particular:

- a. A statement of the suspicious transaction or activity, parties thereto, circumstances of its discovery, and its current status.
- b. Indicating the amount of the suspicious transaction or activity, reasons and grounds for suspicion.



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**Chapter III
National Cooperation**

**Article 13
Local Exchange of Information**

1. The Unit may, based on its own approval, exchange information with competent and supervisory authorities in the State of Palestine, spontaneously or based on the request of such authorities, for the purposes of collecting and analyzing information related to money laundering, related predicate offenses, or terrorism financing and taking necessary action in that regard.
2. The Unit shall make necessary arrangements with competent and supervisory authorities to exchange information independently without any third-party interference, in implementation of provisions of paragraph (1) of this Article. Competent and supervisory authorities shall take all necessary measures and means to exchange information and make arrangements with the Unit to that effect.
3. The Unit shall have the power to directly access specific information from the databases of all competent and supervisory authorities that have electronic databases, according to arrangements between the two concerned parties in that regard.
4. All entities and bodies in the State of Palestine in addition to competent and supervisory authorities, financial institutions and DNFBPs shall be committed to assisting and providing the Unit with all requested information, data and statistics necessary for it to practice its powers within the timeframe and according to the format specified by the Unit, in addition to facilitating access to information identified under Article (3) of this regulation.
5. Protection and confidentiality measures, controls and guarantees issued by the Unit based on provisions of Article (8) chapter (ii) of this regulation, shall apply to all information indicated under this Article and any other data or information obtained locally by the Unit.

**Article 14
Reporting**

1. Without prejudice to Articles (13), (14) and (23) of the Law, all competent and supervisory authorities, financial institutions and DNFBPs shall report to the Unit any transactions and activities suspected to involve money laundering, related predicate offenses or terrorism financing, including all information available to them regarding such crimes, in addition to any measures taken in this regard, and results of such action, in order to include all such information in the Unit's database.
2. In execution of provisions of paragraph (1) of this Article, all reporting entities must attach the filled STR template provided by the unit, in addition to sign and stamp it by



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the liaison officer with the Unit along with an official letter and copies of documents related to the suspicious transaction or activity, if available.

**Article 15
Obligations of Supervisory Authorities**

Supervisory authorities, in order to increase the effectiveness of local cooperation regarding its supervision and oversight of supervised entities, shall:

- a. Take necessary supervisory onsite and offsite measures to verify compliance of financial institutions and DNFBPs under their supervision with the provisions of the Law, its implementing regulations, instructions, rules and controls issued by such authorities and other rules and measures related to AML/CFT issued by the Unit or the supervisory authorities.
- b. Take approved action regarding any violation of the provisions under Paragraph (1) above, pursuant to laws and regulations relevant to combatting money laundering and terrorism financing, be it spontaneously or based on the request of the Unit, while taking into account that sanctions stipulated in the Law do not prevent imposing administrative sanctions provided for in the laws and regulations related to such financial institutions and DNFBPs. Feedback shall be given to the Unit regarding action taken in that regard.
- c. In addition to regular inspection visits or inspections undertaken based on the Unit's request, supervisory authorities shall undertake semi-annual inspection visits to entities under their supervision, based on the matrix provided to them by the Unit, and submit results of such visits to the Unit semi-annually.
- d. Submit a periodic report to the Unit at least once a year regarding its activities in the field of AML/CFT including results and statistics from onsite and offsite supervision in that regard, measures and sanctions taken in line with paragraph (b) of this article, its recommendations to develop AML/CFT policies and plans and any other relevant statistics.

**Article 16
Appointing a Liaison Officer**

1. In execution of Article (27) of the Law, all competent and supervisory authorities shall appoint a liaison officer in charge of communicating with the Unit, including reporting to the Unit transactions and activities suspected to include crimes of money laundering, related predicate offenses or terrorism financing or if they knew of an event or activity that may constitute an indicator of such crimes. Such officer shall be competent and experienced in the field, and shall be of a suitable position to allow him/her to perform said tasks.
2. Regarding the Public Prosecution, the communication shall be with attorney general or anyone authorized by him.



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3. The Committee shall issue instructions to implement the provisions of paragraphs 1 and 2 of this Article.

**Chapter IV
International Cooperation**

**Article 17
Scope of Implementation**

Articles under Chapter IV of this regulation are in implementation of provisions of Article (45/1) of the Law.

**Article 18
Joining the Egmont Group**

The Unit shall submit an unconditioned request to obtain membership in the Egmont Group, provided that it fully engages in the process.

**Article 19
Signing MOUs**

The Unit may, as appropriate, sign bilateral or multilateral cooperation agreements or arrangements according to the following:

- a. Negotiating such agreements or arrangements with relevant parties.
- b. Signing such agreements or arrangements in due time.
- c. Seeking to sign with the largest possible scope of foreign counterpart units.

**Article 20
Extent of International Cooperation**

When exchanging information, the Unit shall provide as much international cooperation as possible with regards to money laundering, related predicated offenses and terrorism financing, provided that the following applies:

1. Implementing cooperation spontaneously and upon request in a swift manner.
2. Implementing cooperation by using the most effective channels.
3. Prioritizing requests according to their importance and executing them in a timely manner.

**Article 21
Obligations of the Unit upon Requesting Information**



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When submitting cooperation requests to counterpart units, the Unit shall use its best efforts to ensure the following:

1. Provide comprehensive and factual information and, as appropriate, legal information, including a description of the case being analyzed and its possible link to the country of the counterpart unit receiving the request. The request shall also clarify if there is a need for urgency to allow for the execution of the request in a timely and effective fashion, in addition to the expected use of the requested information.
2. The Unit shall, upon request and whenever possible, provide feedback in a timely manner to counterpart units on the use and benefit of information received by virtue of such requests and the results of analyses undertaken based on provided information.

Article 22

Prohibition and Restrictive Measures

1. The Unit shall provide cooperation with counterpart units without prohibiting or imposing unreasonable or unnecessary restrictive conditions on the exchange of information or the provision of assistance. Specifically, the Unit shall not reject any request of cooperation for the following reasons:
 - a. For considering that the request involves fiscal matters;
 - b. On the grounds that financial institutions or DNFBPs are bound by legal provisions of confidentiality (with the exception of cases where the relevant requested information is kept in circumstances where legal or professional privilege applies);
 - c. On the grounds that a current inquiry, investigation or procedure is ongoing in the State of Palestine, unless such cooperation will hinder said inquiry, investigation or procedure; and/or
 - d. A difference in the nature or status between the counterpart Unit requesting cooperation and the unit requested to cooperate in the State of Palestine.
2. The Unit may, as appropriate, refuse to provide information if the requesting counterpart unit is unable to effectively protect information, does not comply with the principle of reciprocity or repeatedly provides insufficient cooperation. In such cases, the Unit shall provide clarifications to justify the reasons for refraining from providing cooperation.

Article 23

Use and Protection of Exchanged Information

When exchanging information with counterpart units, the Unit shall apply the following:

- a. Exchanged information shall only be used for the purposes for which it was requested or provided.
- b. Information shall not be disseminated to other foreign authorities or parties, or used for administrative, investigation, prosecution or judiciary purposes, other than the



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purposes for which the information was requested, without prior authorization given by the counterpart unit from which cooperation was requested.

- c. The Unit shall guarantee adequate confidentiality of any request of cooperation and exchange of information in order to preserve the integrity of investigations or inquiries, in line with the confidentiality and data protection obligations of both parties. Information may be disclosed if required to implement the cooperation request.
- d. Exchanged information shall be protected at least in the same way as similar information received from domestic sources is protected. Protection and confidentiality procedures, controls and guarantees issued by the Unit in line with provisions of Article (8) chapter (ii) of the present Regulation shall apply to international cooperation requests and the data and information included therein, in addition to any information and data obtained by the Unit internationally.

Article 24 Exchangeable Information

The Unit has the power to exchange information as indicated below at the international level:

1. All information that the Unit can access or obtain directly or indirectly pursuant to the Law and this regulation.
2. Information related to beneficial owners of legal entities and legal arrangements.
3. Basic information and information related to trust and other legal arrangements.
4. Any other information that the Unit has the power to obtain or access, directly or indirectly, at the local level, on the condition of applying the principle of reciprocity.

Article 25 Conducting Inquiries on Behalf of Counterpart Units

The Unit may conduct inquiries on behalf of counterpart units and exchange with such any information that it may obtain if it conducts such inquiries at the local level, without prejudice to legislations enforced in Palestine.

Article 26 Prior Approval for the Use of Information

The Unit shall grant its prior approval to the counterpart unit, immediately and to the largest possible extent, in case it requests to disseminate information within the scope of international cooperation to competent authorities of the counterpart unit's country. The Unit may refuse to grant such authorization in the following cases, and shall clarify the reasons behind such refusal to the counterpart unit:

- a. If it extends beyond the scope of implementing AML/CFT measures stipulated in the Law.
- b. If it undermines a criminal investigation, without prejudice to Article (59) of the Criminal Procedures Law.



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- c. If such is clearly inconsistent with the legitimate interests of the natural person, the legal person or the State of Palestine.
- d. If such is inconsistent with basic principles of laws enforced in the State of Palestine.

**Chapter V
Final Provisions**

**Article 27
Repeal**

All provisions conflicting with the provisions of this regulation shall be repealed.

**Article 28
Enforcement and Entry into Force**

Competent authorities, each within their own purview, shall execute the provisions of the present Regulation and it shall enter into force on its date of issuance and shall be published in the Official Gazette.

Issued in Ramallah on 4/12/2018

Prime Minister Rami Hamdallah

draft translation