

# **Palestinian National Authority**

## **The President**

### **Anti-Money Laundering Decree Law No. ( ) of 2007**

We, the Chairman of the Executive Committee of the Palestine Liberation Organization and the President of the Palestinian Authority—after examining the Amended Basic Law of 2003 and amendments thereto, particularly Article 43 thereof, after examining the Council of Ministers' recommendation of August 27, 2007, based on the authorities conferred upon us, and to serve the public interest—have issued the following decree law:

#### **Chapter 1 - Definitions**

##### **Article 1**

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.

**National Authority:** The Palestinian National Authority.

**Monetary Authority:** The Palestinian Monetary Authority.

**Governor:** The Governor of the Monetary Authority.

**Committee:** The National Committee on Money Laundering 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 deeds 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 offenses:** The offenses stipulated in Article 3 of this law.

**Money laundering:** Any conduct intended to conceal or alter the identity of funds acquired through a predicate offense by disguising the actual source of funds to make the funds appear to derive from a legal source.

**Proceeds:** Funds resulting directly or indirectly, partially or fully, from a predicate offense.

**Financial institution:** Any natural person or legal entity subject to laws in effect in the territories of the National Authority, whose profession or activities are connected to any of the activities stated in Schedule 1 attached to this law [Annex No. 1], whether the person or entity engaged therein for the benefit of himself/itself or his/its clients.

**Designated non-financial businesses and professions:** Refers to the businesses stated in Schedule 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—effected by a natural person or legal entity, 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 entity 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 offenses.

**Precautionary seizure:** A temporary prohibition against transporting, transferring, converting, disposing, moving, or using property or proceeds resulting from a crime, 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 crime or of the instrumentalities used in a crime, based on a judicial judgment issued by the competent court.

**Politically exposed persons:** Any person who holds a public political or senior position in the National Authority or any other country, or who is the head of a charitable foundation, organization, or association, or the head of a national organization or authority subordinate to the National Authority or any other country, or any person having a family member who previously held such positions.

**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 value transfer service.

**Controlled delivery:** Method enabling 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 role of informer 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 entity 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.

**Supervisory authority:** The authority assigned by laws to control and supervise financial institutions and nonfinancial business and professions.

## **Chapter 2 – The Crime of Money Laundering**

### **Article 2 – Definition of the Crime of Money Laundering**

1. Any person who commits any of the following acts shall be considered to have committed the crime of money laundering:

- a. Conversion or transfer of property with the knowledge that the property is the proceeds of a crime to thereby conceal or disguise the illegal source of the property or to aid a person complicit in the commission of a predicate offense 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 crime.
- 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 a crime.

- 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 [establishing] the crime—shall be derived from factual, objective circumstances to establish the concealed source of proceeds without the need to obtain evidence of the predicate offense.
3. The laundering of property obtained from any predicate offense committed inside or outside the National Authority's territories shall be considered a crime, provided the predicate offense is criminalized under the law in effect in the country where the crime occurred. The crime of money laundering shall also apply to persons who commit the predicate offense.

### **Article 3 – Predicate Offenses**

Any property attained from the following crimes shall be considered illegal property and the object of the crime of money laundering:

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 of currency and official documents.
10. Counterfeiting and infringement of intellectual property.
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. Manipulation of financial markets.
20. Illegal gain.

### **Chapter 3 – Transparency and the Obligations of Financial Institutions and Nonfinancial Businesses and Professions**

#### **Article 4 – Transparency**

1. A bank may not be established in the National Authority's territories unless it has a physical presence therein and is subordinate to a regulated financial group that is subject to the effective supervision by the competent supervisory authorities.
2. Financial institutions may not enter into or continue business relationships with registered banks that lack a physical presence [in the National Authority's territories] and are not subordinate to a regulated financial group that is subject to the effective supervision by the competent supervisory authorities.
3. Financial institutions may not enter into or continue business relationships with receiver financial institutions in a foreign country if such institutions have permitted 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, sound supervision by the competent supervisory authorities.

#### **Article 5**

The competent authorities must:

1. Maintain, protect, and update adequate, precise information regarding the title and control structure of legal persons established in the National Authority's territories.
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 – Identification of Clients**

Financial institutions and nonfinancial businesses and professions should carry out the following:

1. Identify and verify the identities of their clients (natural persons or legal persons) and actual beneficiaries through documents, data, or records in the following cases:

- a. The development of a business relationship.
- b. The execution of any transaction from time to time when the client expresses his desire to execute:
  - 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 client's identity shall be ascertained as soon as the sum is determined or reaches the limit set.
  - A domestic or international funds transfer.
- c. Doubt about the accuracy or adequacy of previously obtained data concerning the identity of a client.
- d. Suspicion of money laundering.

2. Collect information on the anticipated purpose and intended nature of the business relationship.

3. Exercise requisite, ongoing prudence regarding any business relationship, and carefully study transactions executed to ascertain whether they are consistent with the information possessed by any financial institution or nonfinancial profession or business regarding its clients and the clients' commercial activities, risk file, and—when necessary—sources of funds according to the law.

4. Adopt specific, adequate measures for dealing with the danger of money laundering in a defined way and for ascertaining a client's identity in the event that a business relationship is established or in the event that transactions are executed with a client lacking a physical presence.

5. Provide suitable risk management instructions for determining whether a client or actual beneficiary 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 client.
- b. Adopt all reasonable measures to determine the source of [the client's] 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 an exporter's account, that the receiver institution has verified the identity of the client, that it implements mechanisms for constant surveillance of its clients, and that it is capable of providing relevant identifying information when requested to do so.
7. If financial institutions and nonfinancial 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.

### **Article 7**

The following shall be required, in the manner stated below, regarding the identification of the clients mentioned in Article 6 of this law:

1. Precious metals and precious stone dealers and other dealers that conduct high-value transactions must identify their clients when receiving a cash payment in the value set in instructions issued by the Committee.
2. When real estate agents and brokers conduct real-estate purchase or sale transactions, they must identify the parties [to the transaction].

### **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 clauses 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 [*hawalas*].

### **Article 9 – Special Attention**

1. The financial institutions and the defined nonfinancial businesses and professions must devote special attention 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 with 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 operations.
2. Financial institutions and nonfinancial businesses and professions must prepare a written report containing specific information on the transactions mentioned in clauses (a) and (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 – Recordkeeping**

Financial institutions and nonfinancial 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.



### **Article 11 – Internal Measures**

1. Financial institutions and nonfinancial businesses and professions must prepare and implement programs to prevent money laundering. These programs shall include the following:
  - a. Internal policies, procedures, and controls—including appropriate administrative and supervisory procedures—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 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 and nonfinancial businesses and professions must designate a management employee to monitor compliance with the aforesaid measures and to assume responsibility for implementing the provisions of this law in the concerned establishment.
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 nonfinancial businesses and professions in order to apply the provisions of this article.

### **Article 12**

1. The provisions of Articles 6, 7, 8, 9, 10, and 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 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 nonfinancial businesses and professions with Articles 4, 5, 6, 7, 8, 9, 10, 11, and 12 and Chapter 6 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 nonfinancial 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, and 12 and Chapter 6 of this law, including the conduct of field inspections.

c. issue instructions to help financial institutions and nonfinancial businesses and professions comply with the requirements stipulated in Articles 4, 5, 6, 7, 8, 9, 10, 11, and 12 and Chapter 6 of this law.

d. cooperate and exchange information with other competent authorities, assist in investigations, bring judicial actions, and initiate procedures regarding the crime of money laundering and predicate offenses.

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 of involving the crime of money laundering.

h. maintain statistical data on measures taken and penalties imposed in the course of implementing the provisions of this article.

#### **Article 14 – Reporting**

1. Financial institutions and nonfinancial businesses and professions that suspect, or have reasonable grounds to suspect, that property represents the proceeds of an offense, or they have knowledge of an occurrence or activity that may indicate the commission of the crime of money laundering, 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 paragraphs 3, 4, and 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 clients in the course of the attorney's determination of his client's legal status or the attorney's defense or representation of his client 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 precious 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 clients.

### **Article 15**

Financial institutions and nonfinancial businesses and professions must refrain from executing transactions which they suspect involve the crime of money laundering until they report their suspicions regarding such transactions to the Unit.

### **Article 16 – Disclosure of Information**

1. It shall be prohibited for financial institutions, nonfinancial businesses and professions, and their managers, officials, or employees to disclose to their clients or to any third party that information has been submitted to the Unit, or that a report has been submitted regarding a suspected money-laundering crime, or that a report is being, has been, or will be submitted to the Unit, or that an investigation of money laundering has been or will be conducted.

2. Subject to paragraph 1 of this article, managers, officials, and employees of financial institutions and nonfinancial businesses and professions, legal counsels, and the concerned competent authorities may, among themselves, disclose or communicate regarding suspected money-laundering crimes.

### **Article 17 – Exemption from Liability**

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

### **Article 18**

No punitive action at law may be brought regarding the crime of money laundering against financial institutions or nonfinancial businesses and professions, or their managers, officials, or employees regarding the execution of a suspicious transaction reported in good faith according to Articles 14 and 15 of this law.

## **Chapter 4 – The National Anti-Money Laundering Committee**

### **Article 19 – Establishment of the Committee**

1. Under this law, a committee called the “National Anti-Money Laundering Committee” shall be established by decree of the President of the National Authority. 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. A representative of the Capital Market Authority, member.
- h. A legal expert, member.
- i. An economic and financial expert, member.

### **Article 20 – Authorities of the Committee**

The committee shall be authorized to:

1. Formulate general policies to combat the crime of money laundering.
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 anti-money laundering developments.
6. Represent the National Authority in international anti-money laundering forums.

7. Coordinate with the competent authorities to prepare periodic reports, regarding which the Committee shall issue instructions.
8. Submit quarterly reports and advice on combating money laundering to the president of the National Authority and the Council of Ministers.
9. Approve and monitor the implementation of the budget submitted by the Unit's director.
10. Examine certain 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 recommendation for a term of five years subject to renewal once, and appoint the Unit's employees from among experts and specialists.
13. Prepare the necessary regulations for implementing the provisions of this law, and submit the regulations to the Council of Ministers for the issuance thereof.
14. Issue the necessary instructions to implement the provisions of this law.

#### **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 hold 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 5 – Financial Follow-Up Unit**

### **Article 23**

An independent unit shall be established under this law to combat the crime of money laundering. 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. The receipt and request of information on transactions suspected of involving money-laundering operations from entities subject to this law.
2. Analysis of the information mentioned in paragraph 1 of this article.
3. Dissemination of information and the results of information analyses on the proceeds of crimes suspected of involving money-laundering operations under 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 approved by the Committee for an interim period not to exceed three years. The annual budget allocated for the Unit shall be included in the general budget.

### **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 operations. The annual report shall be published in the format approved by the Committee.
2. The Unit director shall issue a statistical report on anti-money laundering trends, mechanisms, methods, and cases.

### **Article 26 – Disclosure of Information**

1. It shall be prohibited for members of the Committee and the director and employees of the Unit to disclose or divulge any information that comes into their possession by virtue of their work in the Committee or Unit, even after their employment is terminated.
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 should establish departments or divisions tasked with coordinating with the Unit to furnish the Unit with information on transactions suspected of involving money-laundering operations according to the mechanisms established by the Committee insofar as doing so does not conflict with the laws observed with respect to the competent authority.

### **Article 28 – Use of Information**

Information obtained under this law may be used solely to implement this law.

### **Article 29 – Information Requests**

Based on the Unit's request, the competent authority or entities required to report under Article 14 of this law must furnish or apprise the Unit of any additional information relating to the Unit's duties under this law within five days of the Unit's submission of the request.

### **Article 30**

The unit must notify the supervisory authority of any financial institution or nonfinancial business or profession that does not comply with the provisions of this law.

### **Article 31 – Authorities of the Unit**

If the Unit has reasonable grounds to suspect that a transaction involves the crime of money laundering, it must:

1. Suspend the execution of the financial transaction for a period not to exceed three working days.
2. Submit reports on transactions suspected of involving the crime of money laundering to the public prosecutor within the period stipulated in paragraph 1 of this article. The public prosecutor shall decide on the adoption of the necessary precautionary measures.
3. The contents of the Unit's report mentioned in paragraph 2 of this article shall be considered official and probative.

### **Article 32 – Authorities of the Public Prosecutor**

The public prosecutor shall be authorized to extend the suspension of the execution of a transaction for up to seven working days.

### **Article 33**

The public prosecutor shall, based on a decision issued by the competent court, be authorized to:

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 means linked to the crime of money laundering for up to 15 days.

### **Article 34 – Exemption from Liability**

Any person assigned officially to investigate and collect evidence on money laundering or to track the proceeds thereof shall be exempt from punitive, civil, or administrative liability.

## **Chapter 6 – Disclosure of Property**

### **Article 35**

Any person who enters the National Authority's territories must disclose what he possesses in the way of currency, negotiable bearer bonds, electronic currency, or precious stones and precious metals whose value equals or exceeds the value set by the Committee under instructions issued by the Committee in this regard.

### **Article 36**

The Customs Department shall be responsible, through Customs Security, for the seizure or impoundment of all or a portion of any sum of currency or negotiable bearer bonds not declared if it becomes evident to the Department the some of bonds are involved in the crime of money laundering or a false declaration is made in regard thereto. The Customs Department must furnish the Unit with any information requested by the Unit.

## **Chapter 7 – Penalties**

### **Article 37**

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



1. If he committed the crime of money laundering stemming from a predicate offense that is a felony, the person shall be punished by imprisonment of 3-15 years and/or a fine of JD 10,000 – JD 100,000 or the equivalent in the currency in legal circulation.
2. If a person commits the crime of money laundering stemming from a predicate offense that is a misdemeanor, the person shall be punished by imprisonment of 1-3 years and/or a fine of JD 5000 - JD 50,000 or the equivalent in the currency in legal circulation.
3. If he attempts to commit the crime of money laundering, or aids, abets, facilitates, or consults regarding the commission of this crime, he shall be punished by one-half of the penalty imposed on the primary perpetrator.

**Article 38**

Any criminal who undertakes to report, to the Unit, the crime of money laundering before the Unit or any competent authority has knowledge of the crime, shall be exempt from the penalty established in this law. If the report occurs after the Unit or another competent authority has knowledge of the crime, in order for the criminal to be exempt, the report must lead to the arrest of the other criminals or seizure of the property that is the object of the crime.

**Article 39**

1. A legal entity that commits the crime of money laundering shall be punished, without prejudice to the liability of any natural person subordinate to the legal entity, by a fine of JD 10,000 - JD 200,000 or the equivalent in currencies in circulation.
2. A person responsible for the actual management of a violating legal entity shall be punished by the penalty stipulated in paragraphs 1 and 2 of Article 37 of this law if his knowledge of the crime is demonstrated, or if the offense occurred as a result of his breach of his employment duties.
3. A legal entity shall be jointly liable for payment of adjudicated fines and damages if the crime that occurred in violation of this law was committed by one of its employees on its behalf and to its benefit.

**Article 40**

1. In addition to the sentences stipulated in Articles 37 and 39 of this law, the physical confiscation of the following shall also be ruled:
  - a. Property constituting the proceeds of the crime, 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 crime.
  - c. Property constituting income or other benefits obtained from such property or proceeds of the crime.
  - d. Means.
  - e. Property mentioned in clauses 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 crime of money laundering or a predicate offense, which property was acquired during the 10 years before the person was charged with the crime, the court may decide to confiscate such property if reasonable grounds exist to indicate that such property constitutes the proceeds of the crime 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 a crime 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**

The court may cancel the effect of any legal title that precludes the confiscation of property under Article 40 of this law. The sum actually paid [for the property] shall be repaid to the party that acquired the property in good faith.

#### **Article 42**

Unless stipulated otherwise in this law, the National Authority shall have title to confiscated property, and laws in effect shall apply thereto.

#### **Article 43**

1. Any person who violates the provisions of Articles 4, 5, 6, 7, 8, 9, 10, 11, 14, 15, 16, 29, and 35 of this law shall be punished by imprisonment of 1-3 years and/or a fine of JD 5000 – JD 100,000 or the equivalent in the currency in circulation.

2. 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 1 of this article.

#### **Article 44**

1. Any person who violates the provisions of the articles of Chapters 3 and 6 of this law and does not comply with these requirements deliberately or through gross neglect shall be deemed to have committed an administrative violation. The supervisory authority may, upon detection the commission of such violation by financial institutions and nonfinancial 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 nonfinancial business or profession 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 nonfinancial 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 8 – Final Provisions**

### **Article 45**

The Unit may exchange information with counterpart units based on agreements signed by the Palestine Liberation Organization in this regard, insofar as such agreements do not conflict with the laws in effect in the territories of the National Authority.

### **Article 46**

In implementation of this law, banking secrecy provisions shall not prevent the implementation of the provisions of this law. Banking secrecy provisions may not be used as a pretext to refrain from disclosing or presenting any information on the combating of money laundering, excluding what is stated in Article 14, paragraph 3 of this law.

### **Article 47**

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

### **Article 48**

Any [legislation] that conflicts with the provisions of this law shall be nullified.

**Article 49**

This law decree shall be presented for approval to the Legislative Council at its first session.

**Article 50**

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

Issued in the city of Ramallah on October 25, 2007, corresponding to 14 Shawwal 1428 AH.

[Signature]

Mahmoud Abbas

Chairman, Executive Committee, Palestine Liberation Organization

President, the Palestinian National Authority

**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 client [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.

If a natural person or legal entity 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 entity.

**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 clients with respect to the following activities:
  - a. The purchase and sale of real estate.
  - b. Management of clients' 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 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 entity, 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.