

Instructions No. (6) of 2016

On Anti-Money Laundering/Counter-Terrorism Financing Measures for Dealers in Precious Metals and Stones

The National Committee for Anti-Money Laundering and Counter-Terrorism Financing ,

Pursuant to the provisions of Decree Law no. (20) of 2015 on anti-money laundering and counter terrorism financing and amendments thereto, particularly Articles 14/20 and 7 thereof,

Based on the powers conferred upon it,

And to serve the public interest,

Has issued the following instructions:

Article 1

Definitions

1. The following terms and expressions contained in these instructions 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/CFT).

Unit: The Financial Follow-up Unit.

Dealers in precious metals and stones: Dealers licensed to engage in the sale and purchase of precious metals, jewelry and precious stones, or any legal person which, within the purposes of its registration or license, can sell and buy precious metals, jewelry and precious stones.

Customer: The natural person or legal entity dealing with dealers in precious metals whether to sell or purchase precious metals, jewelry and precious stones.

Beneficial Owner: The natural person who ultimately owns or controls a customer on whose behalf a transaction is conducted, or the person who exercises ultimate, actual control over a legal entity or its management.

Customer Due Diligence (CDD): Identifying the customer, determining their legal status, activity, the purpose and nature and beneficial owner of the business relationship, and verifying such, and the ongoing monitoring of transactions carried out as part of the business relationship, in addition to identifying the nature and purpose of future transactions between the dealers in precious metals and the customer or beneficial owner.

Politically Exposed Person (PEP): Any person along with their family, relatives, and associates, who is or has been entrusted with prominent public functions or political positions in Palestine or abroad including political party leaders, judges, legislative council members, prosecutors, heads of State-Owned Enterprises, heads of charitable institutions, bodies or associations and NGOs or authorities of the State of Palestine or of any other foreign state, and heads and representatives of international organizations.

2. Definitions included in Decree Law No. (20) of 2015 on AML/CFT and its amendments, and Law No. (5) of 1998 on Supervision and Stamp of Gold and Precious Metals and its amendments shall apply wherever mentioned in the present Instructions.

Article 2

Scope of Application

The provisions of the present instructions shall be applicable to dealers in precious metals licensed in the State of Palestine to engage in the purchase and sale of precious stones, jewelry and precious stones, whether they are natural or legal persons.

Article 3

Anonymous Persons

Dealers in precious metals are prohibited from dealing with anonymous persons or persons with false or fictitious names.

Article 4

Customer Due Diligence

Dealers in precious metals shall identify and verify the customer and undertake ongoing due diligence measures on the business relationship with the customer in the following cases:

1. When executing a financial transaction amounting to or exceeding USD 15,000 or the equivalent of that value in other currencies, whether it was conducted in a single transaction or several linked transactions.
2. Whenever doubts exist about the veracity or adequacy of previously obtained customer identification data.
3. Whenever there is a suspicion of money laundering or terrorism financing irrespective of the transaction value.

Article 5

CDD Procedures

In the cases stated in Article (4) of these Instructions, dealers in precious metals shall commit to identify and verify the identity of customers and beneficial owners, determine their legal status and the purpose of the business relationship according to the following procedures:

1. In case the customer is a natural person or a beneficial owner:
 - a. Identifying the full name of the customer or beneficial owner, his/her nationality, date and place of birth, ID number, passport number for non-Palestinians, current and permanent residence address, telephone number, business address, nature of business and any other information deemed necessary,
 - b. Check the official documents of the customer to identify his/her identity, obtain a signed and certified copy of such documents, take necessary measures to verify the authenticity of information obtained from the customer using reliable and independent sources, including contacting the official entities that issued the documents,
 - c. In the case of an agent, he shall present a duly certified copy of the power of attorney in addition to identity documents of both the agent and the principal, in cases where a person deals with the entity on behalf of the customer,
 - d. For incompetent or incapacitated persons, identity documents of that person and the person legally representing them must be obtained in line with the provisions of paragraph (1) of this Article.
2. In case the customer is a legal person:

- a. Identifying the name, address, head office, legal form, registration date and number, type of activity, representatives and the purpose and nature of the business relationship, authorized signatories and beneficial owner.
 - b. Measures set forth in paragraph (1) of this Article shall apply when verifying the identity of the representative, authorized signatories and beneficial owner,
 - c. Verifying the identity of the legal person by obtaining official documents and the following certified documents issued by the competent registration authority in line with the laws in force in Palestine:
 - 1) Registration certificate issued by the competent registration authority of the legal person in line with the laws and regulations in force in Palestine and the official documents supporting the validity of authorized signatories issued by competent authorities,
 - 2) Articles of Association,
 - 3) By-laws,
 - d. Taking necessary measures to verify the authenticity of information mentioned under paragraph (2c) of this Article using reliable and independent sources, including contacting the official entities that issued the documents.
 - e. Understanding the ownership structure and control structure of the legal entity,
 - f. The provisions of paragraph 2 (a, b, c, d, e) of this Article shall apply to all national and foreign companies. Dealers in precious metals may request any other information they deem necessary.
3. If dealers in precious metals fail to apply the identification and verification procedures set forth in this Article, they shall refrain from establishing or continuing a business relationship. When necessary, they shall submit a report to the Unit in line with the Law and these Instructions.
 4. Dealers in precious metals may delay the verification procedures mentioned in this Article until after the completion of the purchase or sale in the following cases:
 - a. Verification procedures are conducted as soon as possible,
 - b. Necessary measures are taken to avoid risks of money laundering or terrorism financing during delay of verification,
 - c. Establishing adequate internal policies for the number, type and value of transactions that may be conducted before the implementation of these procedures.

5. Thoroughly and regularly examining transactions to ensure they are in conformity with the information received on their customers, business activities, risk profile, and when necessary relevant sources of property.
6. Dealers in precious metals shall regularly update their customer data.

Article 6

Risk-based Approach

Dealers in precious metals shall adopt a risk-based approach, provided it includes at least the following measures:

1. Identify, understand and analyze risks of money laundering and terrorism financing.
2. Take into consideration the findings of the risk assessment in paragraph (1) of this Article in the implementation of anti-money laundering and terrorism financing procedures, put in place policies and strategies based on those risks.
3. Submit the results of procedures taken in line with the provisions of this Article to the palestine monetary authority upon request.

Article 7

Politically Exposed Person

Dealers in precious metals shall take the following procedures when dealing with PEPs, whether they are a customer or beneficial owner:

1. The approval of the dealer in precious metals prior to establishing a business relationship with a PEP; and if the dealer is a legal entity, the approval of the owner or person in charge of the legal entity,
2. Take all reasonable measures to identify the sources of the property that will be used in the transaction,
3. Ensure ongoing monitoring of the business relationship with them,

4. Establish policies and necessary measures to determine whether customers or beneficial owners are PEPs, take specific measures to manage risks arising from dealing with such customers and classify them according to their risk level.

Article 8

Enhanced Due Diligence

Dealers in precious metals shall undertake enhanced due diligence procedures in the following cases:

1. Financial transactions involving natural or legal persons in countries that do not apply international AML/CFT standards or do not have adequate AML/CFT regimes,
2. Operations conducted through non-resident customers involving the purchase and sale of precious metals and jewelry,
3. Large or complex transactions, or transactions with no clear economic or legal purpose and which are not compatible with the customer's activity known to the dealer in precious metals,
4. Direct and indirect purchase and sale transactions that are not done face-to-face with the customer or that are carried out through the electronic means,
5. Resale of gold, jewelry or precious stones after a short period of time without any interest to resell at a higher price,
6. The customer is not interested in negotiating prices of jewelry, gold or precious stones, or in the quality, properties, weight or value thereof before carrying out the purchase.

Article 9

Internal Procedures

Dealers in precious metals shall abide by the following:

1. Prepare a written report including specific information of unusual transactions, including the identity of all parties concerned. The report shall be kept for a period of 10 years and submitted to the Unit upon request,
2. Establish and implement policies, procedures and internal controls, including adequate administrative procedures to implement the highest standards in the recruitment of employees,

and ensure compliance with the provisions of the Law and any relevant regulations or instructions, in addition to adopting necessary rules to classify customers according to their risk level,

3. Implement necessary policies and procedures to avoid risks related to the abuse of non-face-to-face dealings with the customer, especially transactions carried out through the internet. Such policies and procedures shall guarantee a good level of procedures to verify the identity of the customers and his/her activity similarly to procedures adopted when dealing with customers face-to-face. Such policies and procedures should be regularly reviewed,
4. Avoid any direct or indirect tipping off, by any means, about any procedure taken in transactions suspected to be related to money laundering or terrorism financing, whether alerting the customer or non-competent authority specified in the Law,
5. It is prohibited to disclose any information on customers and transactions thereof to non-competent authorities specified in the Law,
6. Establish a program to train the employees of dealers in precious metals. Training shall be provided at least once a year without prejudice to training workshops monitored by the Unit,
7. Records of the training workshops referred to in paragraph (6) above must be retained and must include the names of trained employees, topic and dates of training.

Article 10

Record keeping

Dealers in precious metals must retain all records and documents for at least 10 years from the date of completion of the financial transaction or the end of the business relationship. In case the business relationship is terminated due to an investigation in money laundering or terrorism financing, information and documents must be kept until the end of the investigation. The record keeping mechanism shall be in line with standards accepted by Palestinian courts and/or laws in force in the country. Records shall include:

1. Information related to due diligence measures taken in line with Article 5 of the present Instructions,
2. Information to clarify financial transactions and commercial and cash operations whether domestic or foreign,

3. Commercial correspondence,
4. Copies of personal identification documents or registration certificates

Article 11

Reporting Officer

Dealers in precious metals shall appoint among their employees a reporting officer and a deputy reporting officer in case of his/her absence. If the dealer in precious metals has no employees, the dealer himself becomes the reporting officer. The officer must act independently and maintain the confidentiality of his tasks, including:

1. Report to the Unit when executing a financial transaction amounting to or exceeding USD 15,000 or the equivalent of that value in other currencies using the forms annexed to these Instructions,
2. Report to the Unit immediately of transactions suspected to be related to money laundering, terrorism financing or a predicate offense using the form annexed to these Instructions and enclosed to it all the data and copies of documents related to these transactions and the grounds for suspicion. The report and enclosed documents shall be manually submitted to the Unit,
3. The Unit shall be provided with the requested information upon an official letter issued by the Unit, provided that such information and data is submitted manually to the Unit in a sealed envelope within the period specified by the Unit,
4. Retain copies of reports, data and documents on transactions suspected of being related to money laundering.

Article 12

Repeal

Instructions No. (1) of 2015 on anti-money laundering for dealers in precious metals and stones shall be repealed.

Article 13

Entry into Force

All competent authorities shall implement the provisions of the present instructions, each within their own purview. The present instructions shall enter into force on the day they are published in the Official Gazette.

Issued in Ramallah on: 01/12/2016 AD

Equivalent to: 2/*Rabi'ul-Awwal*/1438 AH

The National Committee for Anti-Money Laundering (NCAML)

Date: / /

Form no. ()

Reporting form for financial transactions with a value equal to or exceeding USD 15,000 or its equivalent in other currencies, or transactions suspected to include a money laundering or terrorism financing component (for dealers in precious metals and stones)

Reserved for the FFU	
Receipt no.	
Date of receipt:	
Time of receipt:	

I. Information about the reporting entity:

Entity's name	City	P.O. Box	Phone no.

II. Information about the Suspected Person:

A. Natural Persons:

1. Full name of the person:

2. Information on the personal identification document			
Document type	ID Document no.	Nationality	Gender
			M F
3. Address			
Province	City	Street	Phone no.

B. Legal Entities

1. Name of the entity: (kindly include the entity’s registration certificate)

2. Names of authorized persons:	Name	Function

III. Financial transactions with a value equal to or exceeding USD 15,000 or its equivalent in other currencies

Amount	Type of financial transaction

IV. Short description of the suspicious transaction (supported with available documentation) including the value and type of transaction for transactions suspected to include a money laundering or terrorism financing component:

Name and signature of the liaison officer

Stamp