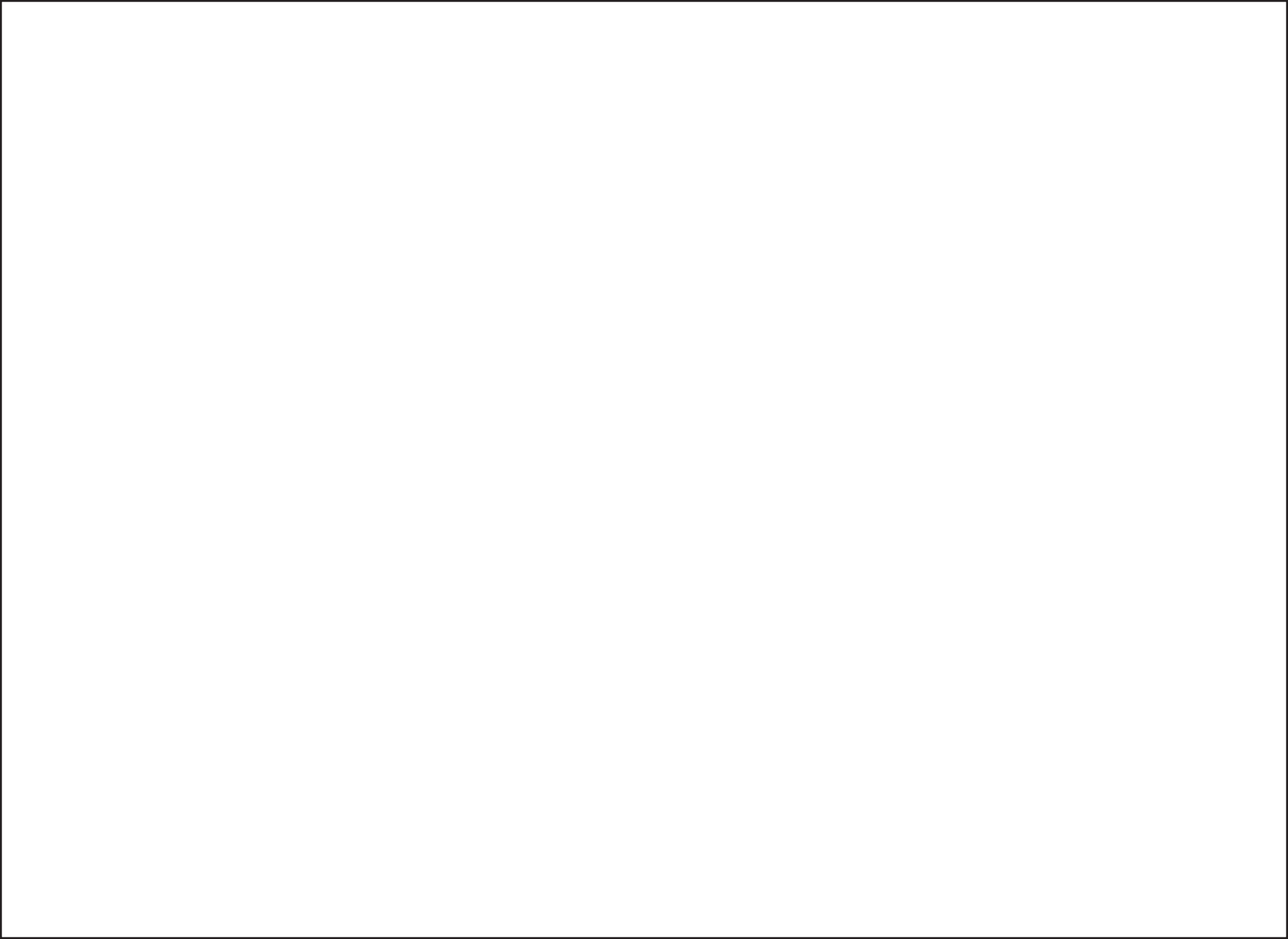




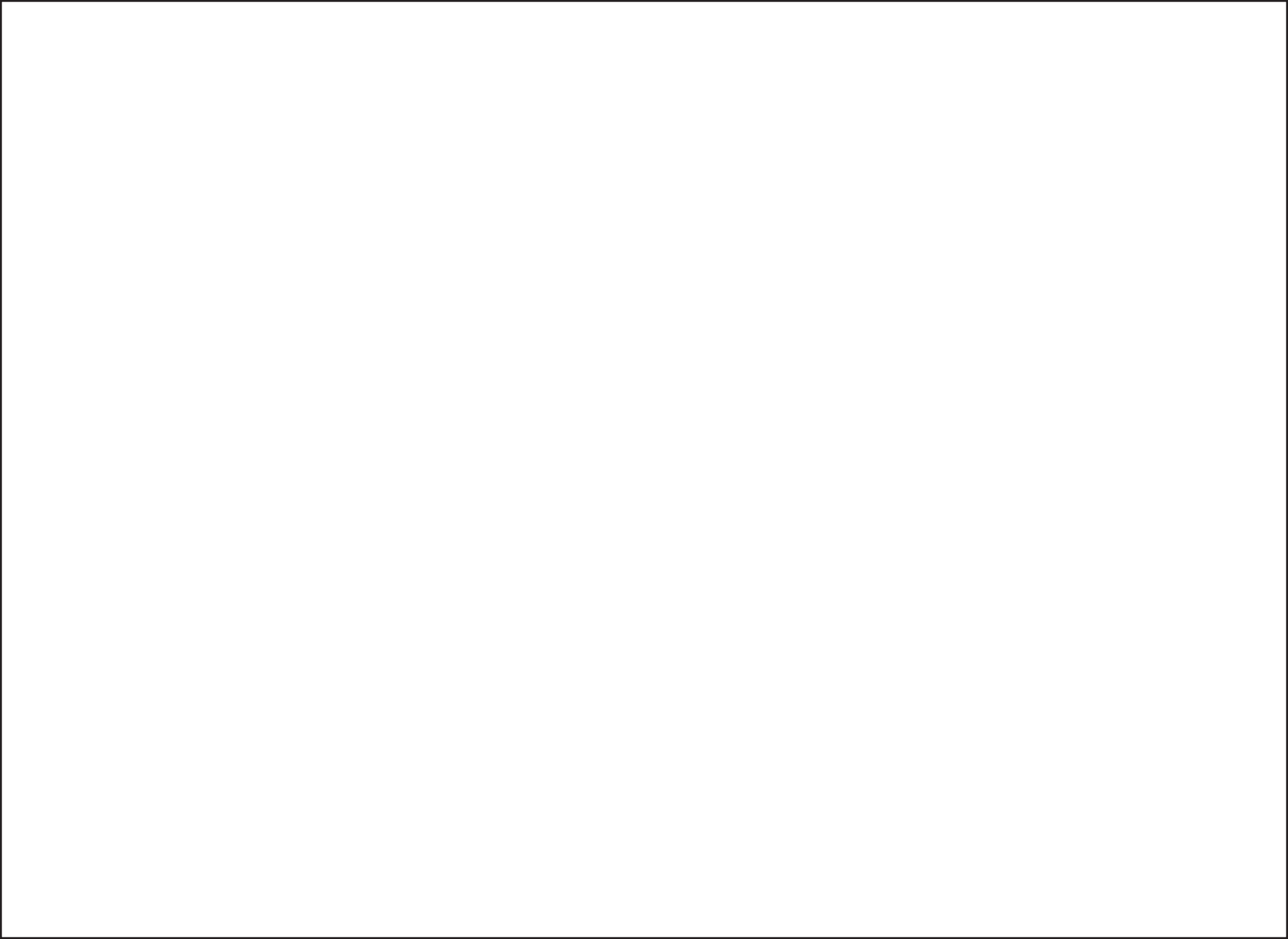
Financial Information Unit Annual Report 2007

www.qfiu.gov.qa





H.H. SHEIKH HAMAD BIN KHALIFA AL- THANI
EMIR OF THE STATE OF QATAR





H.H. SHEIKH TAMIM BIN HAMAD AL- THANI
HEIR APPARENT



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ADDRESS BY HEAD OF FIU



ADDRESS BY HEAD OF FIU

The Qatari Financial Information unit (FIU) was established on 31 August 2004 and started to exercise its functions and responsibilities on 17 October 2004. Since then, the FIU has evolved considerably and improved to match the changing demand in the field of combating money laundering and financing of terrorism. At the human resources level, the FIU has hired a large number of human cadres in various fields, such as the financial, administrative, technical and legal domains. This has been reflected in the level of performance and accuracy of work carried out within the FIU. At the technical level, the FIU relies currently on a wide range of electronic systems that assist in performing the work in a swift manner and in extracting accurate reports. Concerning the financial analysis, the staff charged with analyzing the information have become more experienced and familiar with the methods of analyzing the various STRs received by the FIU and assessing the results of their analysis. And finally, the FIU has achieved a lot of improvements at the legal level with a specialized legal team that provides counseling support in all legal and legislative issues and other topics of concern to the FIU.

The main developments witnessed by FIU are represented in the significant role of the Unit in enhancing national cooperation, which implies distinctive and continuous cooperation and coordination between the Unit and a large circle of financial institutions, supervisory authorities and other regulatory bodies. The FIU has also established firm external relationships with regional and international organizations.



This remarkable evolution has come to imply a series of achievements recorded for FIU throughout the last three years. This has been reflected in its contribution to studying and reviewing the applied laws in the field of anti money laundering and combating the financing of terrorism through its affiliation with the law review committee formed under the resolution passed by the chairman of the National Anti-Money Laundering Committee. The FIU has equally assisted all supervisory authorities in preparing and developing the regulations circulated to affiliated bodies.

The FIU is keen to attend all plenary meetings, conferences and seminars on anti money laundering and combating the financing of terrorism held by the regional and international organizations in which the State of Qatar is a party. On the other hand, the FIU constantly updates and develops its automated systems and it has played a pivotal role in bringing success to the FSAP conducted by the IMF in February 2007.

The achievements of the FIU extend to cover the organization of training programs for its staff in an attempt to raise their performance and qualifications. The FIU has also participated in many training programs and sessions organized by different government authorities.

In an unprecedented move, the number of STRs received by the FIU has remarkably increased along with a diversification of lodging sources. This outlines the increase of awareness among the compliance officers and other bodies specialized in combating money laundering and terrorist



financing, which reflects the efforts exerted by FIU in this field.

The FIU looks forward to achieving more successful results and realizing additional objectives by offering further assistance to all concerned entities in the country and enlightening them about practices to combat money laundering and terrorist financing offences, and by enhancing cooperation with its counterparts in other countries.

Ahmed Eid Al Thani

Head of Qatar FIU



Section One

Resolution on the Establishment of the Financial Information unit (FIU)



August 31, 2004

NC/1/2004

Administrative Order No. (1-2004)

Establishing The Financial Information Unit (FIU)

And Its Organizational Structure

- After having perused the Anti-Money Laundering Law No. (28) for the year (2002), as amended by Decree Law No. (21) for the year (2003);
- Decree No. (2) of the National Anti-Money Laundering Committee, passed in its second meeting on 18 February, 2004, on the establishment of the Financial Information Unit;
- The Council of Ministers' approval, given on 7 April, 2004, of a draft law decree amending Law No. (28) for the year (2002), stipulating the establishment of a financial Information unit; and
- For the good of the public,

The following provisions are hereby decided:

Article (1)

A central independent unit named the Financial Information Unit shall be established in the National



Anti-Money Laundering Committee and shall be located in Qatar Central bank.

Article (2)

The chairman of the National Anti-Money Laundering Committee shall issue a decree nominating the head of the unit and approving its organizational structure and financial budget.

Article (3)

The financial Information unit shall have the following powers and responsibilities:

1. Receiving suspicious transaction reports related to money laundering and terrorism financing from all the concerned entities in the state directly (including all financial and non-financial institutions and law enforcement agencies).
2. Analyzing suspicious transaction reports and taking appropriate decisions thereon.
3. Filing the suspicious transaction reports proved not to be suspicious and forwarding the ones it deems suspicious to law enforcement agencies and the Public Prosecution. The unit may request further investigations from all law enforcement agencies regarding information contained in suspicious transaction reports.
4. Exchanging information with counterpart financial Information units and international bodies



and organizations, in accordance with the provisions of the Anti-Money Laundering Law and its amendments and the Egmont principles of exchange of information.

Article (4)

The information referred to in the above Article shall include information relating to money transfers, suspicious transaction, currency exchange and any other banking or financial transactions.

Article (5)

The head of the financial Information unit shall be responsible for discharging its work, taking appropriate decisions in all the functions it carries out and shall represent it in meetings, seminars and official missions.

Article (6)

Responsibilities of financial institutions,Regulatory and administrative bodies, and law enforcement agencies.

- 6.1** Sending suspicious transaction reports directly to the unit, and providing it with any information or related documents it may request, through any media, and without any unjustified delay.
- 6.2** Appointing a compliance officer, who shall primarily ensure the compliance of his employer



institution with the regulations related to combating money laundering and terrorism financing, and send all suspicious transaction reports directly to the unit. The Compliance officer shall exercise his job independently and shall be directly responsible to the head of the FIU.

6.3 The compliance officer shall carry out his duties and responsibilities in a free and independent way that enables him to provide the information, data and official papers to the unit promptly.

Article (7)

The unit shall feed back reporting institutions regarding the decisions taken on the suspicious transaction reports.

Article (8)

The attached organizational structure and job descriptions of the financial Information Unit shall be approved.

Article (9)

Any person violating the provisions of this Decree shall be subject to the penalties stipulated in the Anti-Money Laundering and Combating Terrorism Laws and any subsequent amendments thereof.





Article (10)

This order shall be in force as from today.

Fahad Faisal Al-Thani

Chairman of the National
Anti-money Laundering Committee



Section Two

About the Financial Information Unit (FIU)



Legal Form:

Autonomous central government authority emanating from the National Anti-Money Laundering Committee.

Type:

It is recognized that the financial Information units may be established by choosing one of three types. Variations in models arise primarily from different country policies in compliance with the international standards and particularly the FATF 40 + nine recommendations. The types are distributed as follows:

- Judicial or prosecutorial type.
- Law – enforcement - type .
- Administrative type.

The National Anti-Money Laundering Committee has decided that the FIU should adopt the administrative model meaning that its functions do not include the conduction of additional investigations which is relevant to competent law enforcement agencies.



Functions and Powers of the FIU:

The Functions of the FIU as determined by its establishment resolution are as follows:

- Receive STRs related to money laundering and terrorist financing from all concerned entities in the country.
- Conduct financial analysis for the STRs and take proper decision in their respect.
- Decide to maintain STRs proved to be free of any suspicions and forward the suspicious transaction to the law enforcement agencies.
- Exchange information with counterpart financial Information units in accordance with the provisions of the anti money laundering Law and its amendment and the Egmont Principles of International Cooperation.

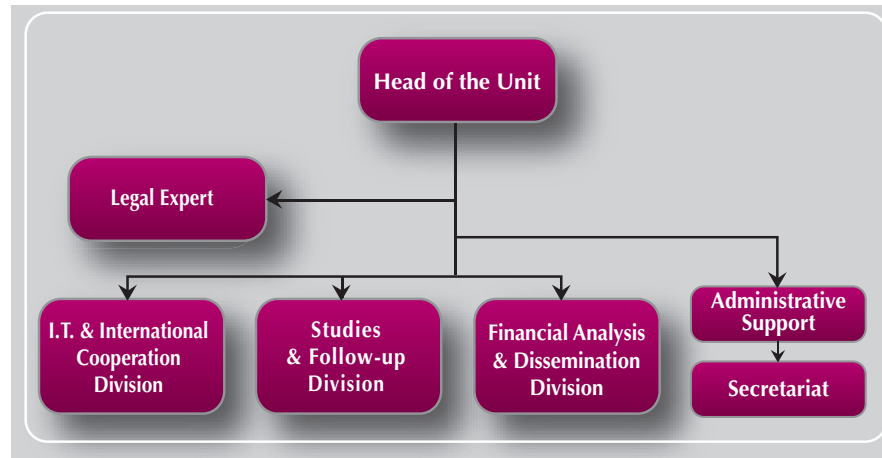
FIU Divisions:

- 1- Financial Analysis and dissemination Division
- 2- Studies and Follow-up Division
- 3- IT & International Cooperation Division

In addition, the FIU receives legal and administrative support.



ORANISATIONAL Structure:



A) Division – financial Analysis and Dissemination

It is responsible for:

- 1- Receiving the suspicious operations reports from all parties on the forms designated for this purpose.
- 2- Recording the reports in special registers and giving each of them a serial number.
- 3- Collecting information, papers and documents.



- 4- Seeking the assistance of the law enforcement bodies (when needed) for conducting additional investigations.
- 5- Conducting a financial analysis of the suspicious transactions and taking appropriate decisions concerning them.
- 6- Requesting the issue of attachment orders.
- 7- Referring to the competent legal authorities the transactions in respect of which the suspicious has been verified.
- 8- Receiving replies from the legal bodies and notifying the reporting parties of such replies.
- 9- Receiving the alert releases from the security bodies and taking the decision to circularize them to the concerned entities.

B) Division: Studies and Follow up

It is responsible for:

- Conducting studies and research work on indicators, methods and patterns of money laundering, terrorist financing and the methods of combating them co-ordination and cooperation with the National Committee for Combating Money Laundering and Terrorist Financing.



- Preparing half-yearly reports that contain report analyses, results of the analyses and crime trends.
- Following up the latest developments at the financial units through participation in the various forums and seminars conducted by regional and international organizations and bodies.
- Following up the observance by the various parties of the instructions issued to them in the field of combating money laundering and terrorist financing.

C) Division: IT & International Cooperation

It is responsible for:

- Taking all actions related to the establishment and operation of computer programs.
- Providing technical support in the field of computers.
- Establishing a data base and supplying it with all information received.
- Establishing and operating a file net.
- Exchanging information with the corresponding units subject to pre-set controls.



Section Three

FIU Achievements & Activities At the National Level



FIU Achievements:

1- In the legislative field:

In the framework of international developments and in implementation of the instructions of the National Anti-Money Laundering Committee , the Financial Information unit has proposed the formation of a committee to study the amendment of the anti money laundering law in force. The committee was formed by a resolution passed by the chairman of the National Anti-Money Laundering Committee . The representatives of financial Information unit perform a significant role in the meetings held by this committee.

The committee was charged with the consideration and study of the current applied laws and the preparation of an integrated draft law covering both the objective and procedural sides for combating the above mentioned offences.

2- In the field of administrative policies and Regulations:

Pursuant to the provisions of Article 7 of the Law No. 28 of 2002 concerning the combating of money laundering, the competent supervisory authorities should determine the duties of their associated bodies in relation to combating money laundering. This is called Regulations and controls which allow the said authorities to discover suspicious transactions and take proper actions in respect thereof.



This highlights the important role of the FIU in terms of its cooperation and coordination with the competent officers within the supervisory authorities in the domain of drawing and preparing those instructions according to the international standards in the field of anti money laundering and combating of terrorist financing.

Therefore, the following supervisory authorities have issued regulations and administrative policies circulated to all affiliated bodies:

- **Qatar Central Bank (QCB)**
 - To all banks, exchange houses, investment and financing companies.
- **Qatar Financial Center (QFC)**
 - To all authorities licensed by QFC
- **Doha Securities Market (DSM)**
 - To intermediaries
- **Ministry of Economy & Commerce**
 - To insurance companies, auditors and other companies.





- **Ministry of Justice**

- To practicing lawyers and competent officers within the Real Estate Registration and Authentication Department

- **Customs and Ports General Authority**

- To all customs exists

- **Qatar Authority for Charitable Activities**

- To licensed charitable societies and institutions.

The Financial Information unit has assisted those authorities in the preparation and development of their respective supervisory instructions by reviewing them and exchanging experiences and points of view.

FIU Activities

Periodic Meetings:

The FIU has held various periodic coordinative meetings with the compliance officers working within the following authorities:

- **Local banks**
- **Exchange houses**



- QFC
- Financing and investment companies
- Insurance companies, intermediaries offices at the Stock Exchange, notaries, and jewelries and gold traders.





Training Sessions and Workshops held in 2007:

First: Training for FIU Staff:

Money laundering and terrorist financing offenses constitute serious forms of organized crimes that use a variety of constantly developed methods. Being aware of the importance and seriousness of this subject, the FIU has focused its efforts in finding new mechanism to keep up with these changes through the development of the combating methods. Therefore, a new item has been added to the annual budget and allocated to funding internal and external training sessions for the FIU Staff in an attempt to raise their competence and qualifications.

Table of the External Training Sessions received by the FIU Staff in 2007

Title of the Session / Workshop	Location	Date
Diploma in Creation of Professional Trainer First session	Kuwait	7/3 – 3/3
Second session		18/4 – 14/4
Third session		16/5 – 12/5
International ANTI-MONEY LAUNDERING Rules and Legislations	Tunisia	4/5 – 2/5
ACAMS	Dubai	8/12
Technical and Technological Skills in the field of e-Government Management	Beirut	30/12 – 24/12



Second: Contributing in training sessions held by other relevant authorities in the Country:

The FIU has contributed in a variety of training programs held by a number of concerned entities in order to raise the awareness and knowledge of its employees in the field of combating money laundering and terrorist financing:

- Establishing Session for the Employees of the Customs & Ports General Authority
- Teaching in the Institute of Legal Studies in the field of Anti Money Laundering and Combating of Terrorist Financing.
- The Unit organized jointly with MENAFATF the second workshop on “training the assessors”, in Doha, Qatar.





Conferences and Seminars:

The Unit has participated in various local conferences and seminars held by different government sectors such as the education sector in an attempt to spread the principles of combating crimes and raise the awareness among the future generation. It has also participated in other conferences and events held by other government sectors, namely:

- Qatar University
- Ministry of Interior
- QFC
- Wize Governance Conference



Section Four

FIU Achievements & Activities at the International Level

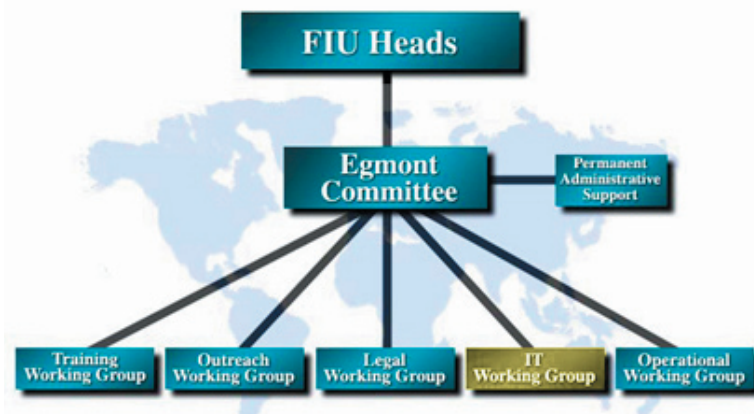


At the international level, the Unit (represented by its Head) has participated in all the plenary meeting held in 2007 by regional and international authorities, namely:

- MENAFATF
- FATF
- Egmont Group

FIU Membership in IT Working Group

Giving the importance of the IT systems in the field of work of the Unit, the latter has affiliated with IT Working Group (ITWG) emanating from the Egmont Group. ITWG is responsible for all aspects of IT systems and computer applications adopted by the international financial Intelligence units.





The Financial Information Unit participates in the meetings held by those organizations in order to become familiar with all their policies and standards, remain constantly updated about any developments in this regard and enhance the role and position of the State of Qatar within the international community that supports the combating of money laundering and terrorist financing.

Participation with the MENAFATF Technical Assistance and Typologies Working Group

Among the main objectives of MENAFATF are to determine the subjects related to money laundering and terrorist financing operations at the regional level, exchange experience in this field, and develop regional solutions through proposals on typologies submitted by member countries to the Technical Assistance and Typologies Working Group for discussion. A special working group is then formed to collect information on practical cases and discuss them in special workshops held to identify the methods and means of money laundering and terrorist financing.

The Qatari FIU has received two questionnaires from the working group charged by MENAFATF with collecting information on suspicious transactions received by FIU from various authorities and identifying their types according to sending authorities or relevant banking transactions and then specifying general indicators or trends for money laundering and terrorist financing operations supported by examples about some typical practical cases.



The main objective of this procedure is to prepare an integrated study based on information received by MENAFATF from member countries. The Qatari FIU has assisted the MENAFATF in its study and research by answering the questionnaires and this outlines the extent of cooperation offered by the FIU to the regional and international organizations specialized in combating money laundering and terrorist financing.

It is worth mentioning that the efforts deployed by FIU in this field are ranged among the various tasks assigned to it by the National Anti-Money Laundering Committee .

FIU Role in the FSAP (Financial Sector Assessment Program)

The FSAP is a program applied by international organizations to a certain country in order to study and assess all components of its financial sector, recognize its points of weakness and try to find adequate solutions in cooperation with the various authorities and competent bodies in the country.

The importance of this assessment lies in the fact that it is conducted by the International Monetary Fund (IMF) and the World Bank, the biggest financial organizations in the world charged with supervising the international economy and the payment balances of all countries, in addition to other important aspects with direct impact on the countries and their population and systems.

This assessment covers, among other aspects, the examination of the systems and policies applied by



the country in the field of anti money laundering and combating the financing of terrorism, and the assessment of their compliance with the international standards, i.e., the FATF forty recommendations and the FATF nine special recommendations.

The State of Qatar has invited the International Monetary Fund to conduct this assessment. A questionnaire on ANTI-MONEY LAUNDERING /CFT was sent to Qatar and distributed to the concerned entities to fill in their answers which were later sent to the assessment team. In January and February 2007, a team from IMF paid a field visit to the country.

During this visit, the assessment team met with all the officers of the various relevant authorities and examined their respective ANTI-MONEY LAUNDERING /CFT systems and policies.

The FIU has made every effort to bring success to this visit and achieve the objectives of inviting the International Monetary Fund to conduct the FSAP.

The FIU efforts had started before the visit by receiving the questionnaire and distributing it to the concerned entities in order to fill in their answers which were then sent back to the assessment team. The FIU had also prepared the agenda for the visit and facilitated the mission of the team by arranging different internal meetings for them. At a later stage, the FIU has received the mutual evaluation report (MER) and distributed it to the concerned entities in order to insert their observations and





comments which were then translated into English and sent along with supporting documents to the assessment team within the deadlines set for this procedure.

The FIU has extended its efforts and assisted all those officers within the concerned entities who sought its advice and consultancy to draft the proper answers to the MER and add the most appropriate observations and recommendations. The FIU will take part in the Qatari delegation that will be charge to discuss the FSAP of the State of Qatar with the MENAFATF and the FATF.



Section Five

STRs Statistics & Indicators

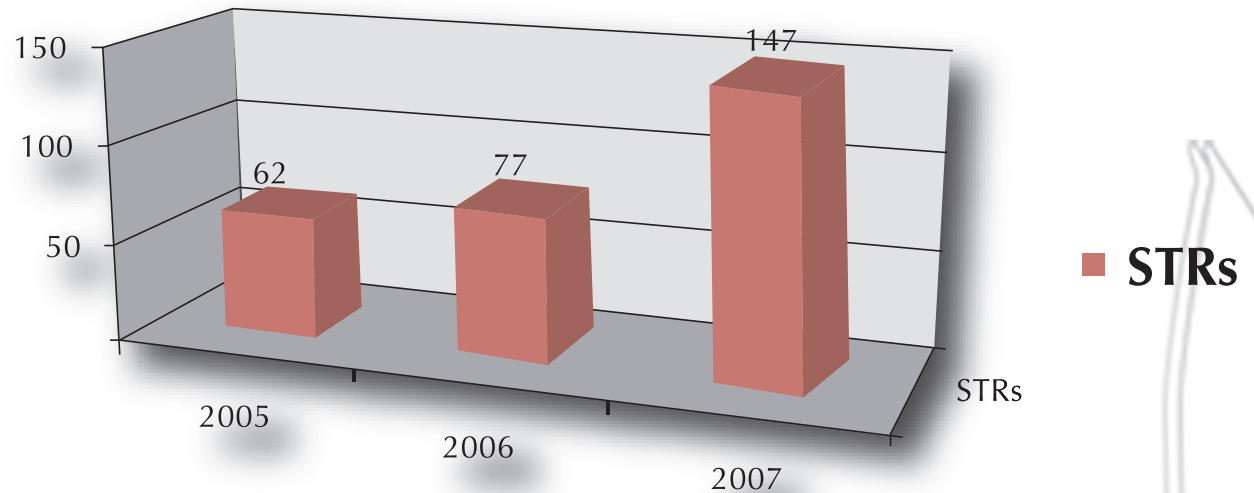


STRs Statistics and Indicators

1- Comparative Study for the years 2005, 2006, 2007

The number of STRs in 2007 stood at 147 reports compared with 77 in 2006 and 62 in 2005.

STRs





Accordingly, the number of STRs has increased in 2007 in the ratio of 90,9% compared with 2006 and 137,1% compares with 2005.

The reasons behind this increase in the number of STRs in 2007 can be summarized as follows:

First: Statistical Reasons:

- Increase of the number of STRs received from financial institutions
- Increase of the number of STRs received from internal bodies, including:
 - Ministry of Interior
 - Qatar Central Bank
 - Doha Securities Market
 - intermediaries
 - General Prosecution
- Increase of the number of STRs received from external Financial Information units





Second: General Reasons:

- Raise of awareness among compliance officers charged with reporting suspicious transactions within the various authorities.
- Growth of financial transactions executed by banks and exchange firms
- Increase of local cooperation between FIU and other supervisory authorities in Qatar.

2- Distributions of STRs received by FIU in 2007:

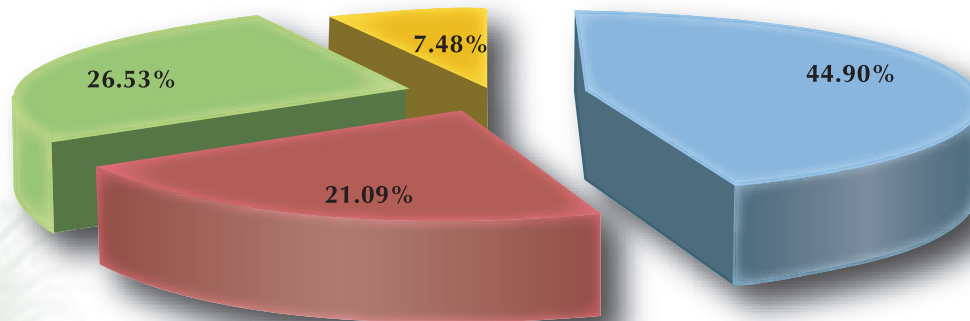
First: According to sending authorities

Authority	Number	Percentage %
Banks	66	44.90
Exchange Firms	31	21.09
Internal Bodies	39	26.53
International Financial Information units	11	7.48
TOTAL	147	100



STRs

- Banks
- Exchange Firms
- Internal Bodies
- International Financial Information units



It is remarked that banks have lodged the biggest numbers of STRs with FIU, followed by internal bodies, exchange firms and international financial Information units.

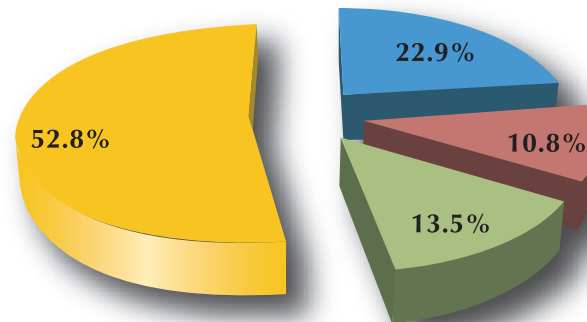


Second: According to number of suspicious persons mentioned in STRs:

Authority	Number	Percentage %
Banks	66	22.9
Exchange Firms	31	10.8
Internal Bodies	39	13.5
International Financial Information units	152	52.8
TOTAL	288	100

STRs

■ Banks ■ Exchange Firms ■ Internal Bodies ■ International Financial Information units





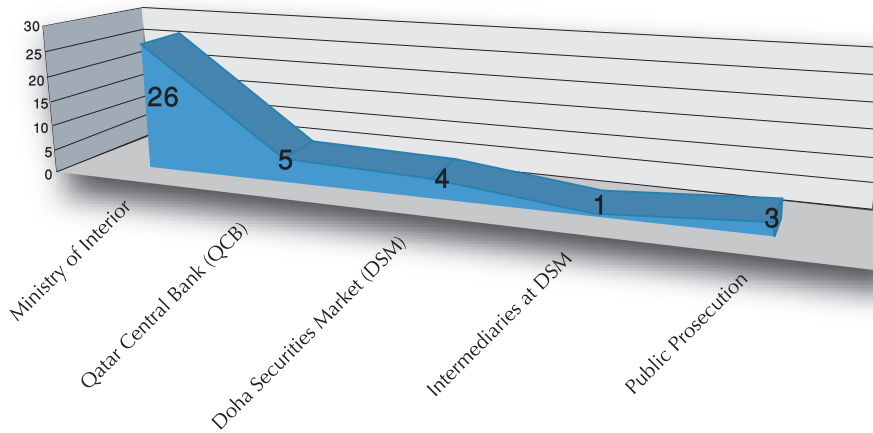
It is remarked that the STRs received from international financial Information units had the biggest percentage (52.8%) of the total STRs received by FIU, and this is a clear reflection to the following:

- Eagerness of Qatari FIU to support international cooperation
- Confidence of other Financial Information units in the Qatari FIU and their reliance on the latter in receiving any information on suspicious transactions which are under investigations and analysis.
- Contributing to the success of the Egmont Group objectives concerning the international cooperation and exchange of information.
- It is also remarked that the STRs sent by banks ranked second with 22,9%, followed by internal bodies with 13,5%, and by exchange houses at the last rank with 10,8%.



3- Distribution of STRs received from internal bodies:

Authority	Number	Percentage %
Ministry of Interior	26	66.7
Qatar Central Bank (QCB)	5	12.8
Doha Securities Market (DSM)	4	10.2
Intermediaries at DSM	1	2.6
Public Prosecution	3	7.7
TOTAL	39	100



■ STRs

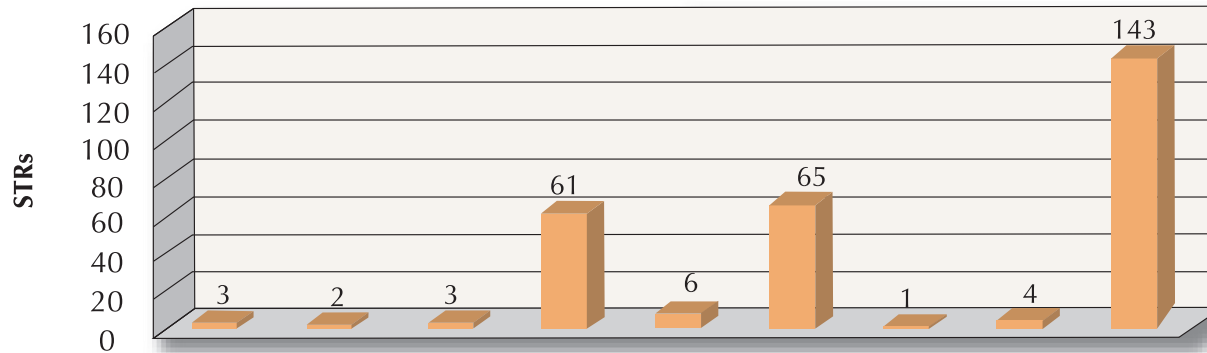
Ministry of Interior	Qatar Central Bank (QCB)	Doha Securities Market (DSM)	Intermediaris at DSM	Public Prosecution
26	5	4	1	3

It is remarked that the STRs received from the Ministry of Interior were ranked first with 66.7%, followed by those lodged by DSM and their associated brokerage firms with 12.8%, the QCB with the same rate, and the Public Prosecution with 7.7%.



**4- Distribution of STRs received by FIU according to the type of suspicious transactions in 2007
(based on the number of suspicious persons).**

Transaction	Number	Percentage %
Non compliance with the requirements set for account opening	3	1.04
Misuse of credit cards	2	0.69
Cash carrier in big amounts	3	1.04
Cash deposits in big amounts	61	21.18
Request for execution of financial transaction	6	2.08
Huge money transfers	65	22.57
Exchange of foreign currencies	1	0.35
Request for Banking facilities	4	1.39
Various transactions	143	49.66
TOTAL	288	100



Non compliance with the requirements set for account opening	Misuse of credit cards	Cash carrier in big Amounts	Cash deposits in big amounts	Request for execution of financial transaction	Huge money transfers	Exchange of foreign currencies	Request for Banking facilities	Various Transactions
3	2	3	61	6	65	1	4	143

- It is remarked that the number of STRs lodged with FIU in relation to various transactions were ranked first with a percentage of 49.66%, due to multitude of transactions executed by the same customer, making it difficult to raise any suspicions about him or the financial transactions executed by him.
- Those are followed by financial transfers with 22.57% and cash deposits with 21.18%. The remainder of transactions was very small in size.



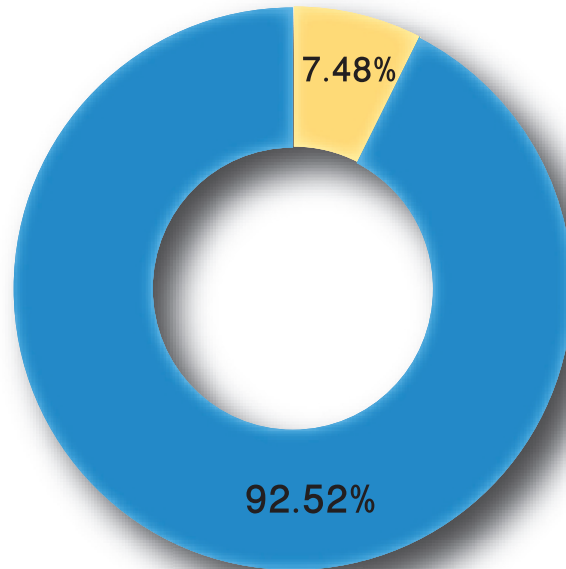
5- Distribution of STRs received by FIU in 2007 according to their destination (local or international)

Authority	Number	Percentage %
International	11	7.48
Local	136	92.52
TOTAL	147	100



STRs

■ International ■ Local

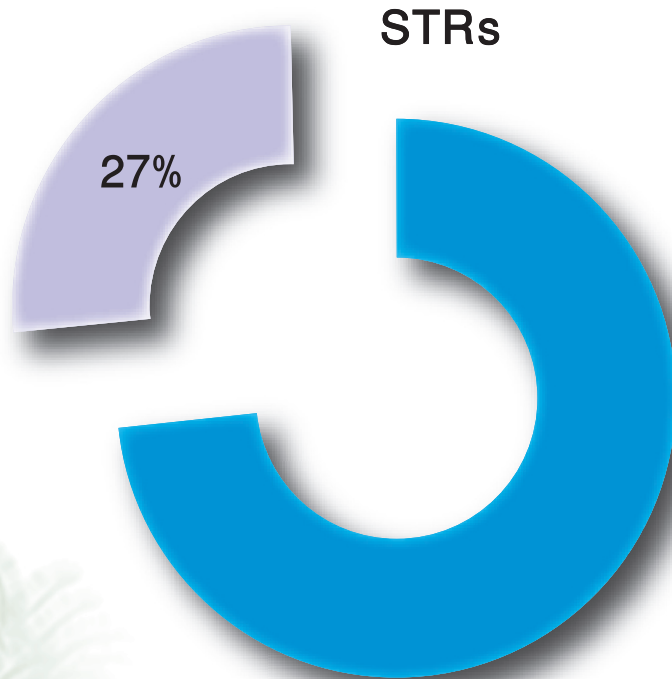


It is remarked that the number of STRs received from local authorities are larger than those received from international financial Information units.



6- Statistics about International Cooperation between Qatari FIU and other International FIU

Authority	Number	Percentage %
Incoming STRS	11	73
Outgoing STRS	4	27
TOTAL	147	100



- Incoming STRs
- Outgoing STRs

It is remarked that the incoming STRs were ranked first with a percentage of 73% and this reflects the confidence that international financial Information units have in the Qatari FIU.

End