

**Law No. 2 of 1373 DP / 2005
on Combating Money Laundering**

The General People's Congress:

- in accordance with the decisions of the Basic People's Congresses in their annual session for the year 1373 DP [2005]
- having reviewed the Penal Code, the Criminal Procedures Law, and related supplementary laws;
- the Commercial Code and related supplementary laws;
- Law No. 9 of 1992 on engaging in economic activities, as amended;
- Law No. 5 of 1426 BP [1997] on encouraging the investment of foreign capital, as amended;
- Law No. 1 of 1373 DP [2005] on banks;

Hereby issues the following law:

Article 1 – Definitions

For purposes of implementing the provisions of this law, the following terms and expressions shall have the meanings indicated below, unless the context should require another meaning:

Libya	The Great Socialist People's Libyan Arab Jamahiriya.
Central Bank	The Central Bank of Libya.
Governor	The Governor of the Central Bank of Libya.
Committee	The National Committee for Combating Money Laundering.
Unit	The Financial Information Unit of the Central Bank of Libya.
Illegal property	Property obtained directly or indirectly from a crime, whether movable or immovable, material or immaterial, including documents establishing the ownership of such property or rights related to it.
Freezing or seizure	The temporary prohibition imposed by order of the competent authority against transferring, transporting, disposing of, or using the property in question.
Confiscation	The permanent expropriation of ownership through an order issued by the competent court.
Means	Any means used or intended for use in committing a crime described in this law.

Financial establishment Any bank, finance company, financial market, money-changing shop, financial or money broker, or any other establishment authorized to carry out its activity by the Central Bank.

Other financial, commercial, and economic establishments Establishments authorized to carry out their activities by an entity other than the Central Bank, such as insurance companies, service bureaus, etc.

Article 2 – Money laundering

1. Anyone who perpetrates any of the following acts shall be considered to have committed a crime of money laundering:
 - a. Possessing, owning, using, exploiting, disposing of in any manner, transferring, transporting, depositing, or concealing illegal property in order to disguise its unlawful source.
 - b. Disguising the true nature of illegal property, concealing its location, method of disposal or movement, rights related to it, or its ownership or possession.
 - c. Participating in the above acts in any manner whatsoever.
2. Property shall be considered illegal if it was obtained from a crime, including the crimes described in the International Agreement to Combat Organized Crime and the Protocol attached thereto, the International Agreement to Combat Corruption, or other international agreements to which Libya is a party.

Article 3 – Criminal responsibility of establishments

Without prejudice to non-criminal punishments imposed by any other law, financial, commercial, and economic establishments in Libya shall be held legally responsible for any crime of money laundering committed in their name or on their behalf, and they shall be subject to the punishments described in Article 4, paragraph 2 of this law.

Article 4 – Punishments for money laundering

1. Without prejudice to the punishments imposed by the Penal Code or any other law for crimes that are the source of the illegal property, a crime of money laundering as described in paragraph 1 of Article 2 above shall be punishable by imprisonment and a fine equal to the value of the illegal property, which shall be confiscated.

If the malefactor participated in the crime from which the property was obtained [the predicate offense], whether as a perpetrator or accomplice, he shall be subject to the more severe penalty, both elements of which shall be increased in severity by one-third.

If the malefactor was aware that the property was obtained from a crime with a more severe penalty but did not participate in the crime, the punishment corresponding to the crime shall be imposed on him.

2. An establishment in whose name or on whose behalf a crime is committed shall be subject to a fine equal to twice the value of the illegal property, which shall be confiscated. In case of a repeated offense, the establishment shall be closed down and its license revoked.

Article 5 – Punishments for crimes related to money laundering

1. Any official or employee of a financial, commercial, or economic establishment who learns of an act in his establishment related to a crime of money laundering and fails to report it to the competent authority shall be subject to imprisonment and/or a fine of not more than LD 10,000 and not less than LD 1,000.
2. Anyone who informs a person that his transactions are being monitored or investigated by the competent authorities because of suspicion that they are illegal shall be subject to imprisonment and/or a fine of not more than LD 10,000 and not less than LD 500.
3. Anyone who fails to comply with the provisions of Article 8 of this law shall be subject to a fine of not more than LD 10,000 and not less than LD 500. The property in question shall be held until the public prosecutor orders its release upon proof that it is not related to another crime.
4. Anyone who reports a crime of money laundering to the competent authorities, in bad faith and in order to harm another party, so that legal action may be taken to discover the truth, even if the report is with an unknown signature or using a false name, shall be subject to imprisonment for a period of not less than one year.
5. Anyone who fails to comply with any other provision of this law or with the regulations, decrees, and circulars issued in conjunction with it, shall be subject to imprisonment and/or a fine of not more than LD 10,000 and not less than LD 500.

Article 6 – Exemption from punishment

Anyone who reports a crime of money laundering before it is discovered by the competent authorities shall be exempted from punishment.

Article 7 – Freezing, impounding, and seizure of funds

1. The Governor of the Central Bank of Libya may freeze funds in accounts that are suspected of being linked to a crime of money laundering, for a period not to exceed one month.

2. The chief public prosecutor may issue an order to impound accounts, funds, or instruments suspected of being linked to a crime of money laundering, for a period not to exceed three months.
3. The court to which a criminal case involving a crime committed in its jurisdiction is referred may issue an order to impound accounts, funds, or instruments suspected of being linked to the crime of money laundering, for a period not to exceed three months.
4. The orders to impound or seize funds referred to in the previous two paragraphs shall be carried out by the Central Bank, if the funds are being held by a bank or other institution under its supervision.

Article 8 – Disclosure of the source of funds brought into Libya

The Central Bank shall determine the maximum amount of funds that may be brought into the country in cash without having to declare it or disclose its source. Any amounts in excess of this limit shall be subject to the disclosure requirement established by the Central Bank.

Article 9 – Financial Information Unit

1. The Central Bank shall establish a unit called the Financial Information Unit to combat money-laundering activities. Reports on suspicious transactions shall be sent to the Unit from all concerned financial, commercial, and economic establishments, and information on these transactions may be submitted by any person or entity.

This Unit may exchange information and reports on cases suspected of being linked to money-laundering activities with its counterparts in other countries, in accordance with the international agreements to which Libya is a party or with the principle of reciprocity.

2. All banks operating in Libya shall establish a subsidiary unit called the Subsidiary Unit for Information on Combating Money Laundering, which shall be responsible for monitoring all activities and transactions carried out by the bank or financial institution or by those who deal with them, when such activities or transactions are suspected of being linked to money-laundering activities or activities involving the deposit or transfer of funds whose source is unknown.

This subsidiary unit shall be responsible for reporting information or data related to these activities to the Financial Information Unit of the Central Bank of Libya described in paragraph 1 of this article.

The Governor shall issue a decree regulating the Financial Information Unit of the Central Bank of Libya and the subsidiary units in banks, defining their duties, responsibilities, and work procedures.

Article 10 – Role of the Financial Information Unit

1. The Unit described in paragraph 1 of the preceding article, after reviewing the case referred to or reported to it, shall inform the Governor concerning the information and reports in its possession, so that the necessary measures may be taken.
2. If the office of the public prosecutor receives a direct report concerning cases of money laundering, it shall take the necessary measures and shall inform the Financial Information Unit of the Central Bank of Libya concerning the contents of the report.

Article 11 – National Committee for Combating Money Laundering

In accordance with this law, a committee shall be established called the National Committee for Combating Money Laundering, which shall be chaired by the Governor of the Central Bank of Libya or his deputy and shall include at least one member from the following:

- Central Bank
- Secretariat of the General People's Committee for Financial and Technical Supervision
- Secretariat of the General People's Committee for Justice
- Secretariat of the General People's Committee for Public Security
- Secretariat of the General People's Committee for Finance
- Secretariat of the General People's Committee for Economy and Trade
- Secretariat of the General People's Committee for Foreign Liaison and International Cooperation
- Customs Authority
- Tax Authority

The delegates shall be nominated by their respective entities after consultation with the Chairman of the Committee. The board of directors of the Central Bank of Libya shall issue a decree establishing the composition of the Committee and the remuneration of its members.

Article 12 – Duties and responsibilities of the Committee

The Committee described in the preceding article shall have the following duties and responsibilities:

1. Recommend the regulations and procedures necessary for combating money laundering.
2. Facilitate the exchange of information among the entities represented in the Committee and coordinate their activities.
3. Prepare a draft set of by-laws governing the Committee's activities, which shall be issued by means of a decree by the board of directors of the Central Bank of Libya.
4. Draw up the implementing regulations for this law in accordance with the provisions of Article 16 herein.

5. Represent the Government of Libya in international meetings and conferences on combating money laundering.
6. Prepare a sample report on suspicious transactions, as described in Article 9 of this law, and determine the method for submitting it to the Financial Information Unit of the Central Bank of Libya.
7. Any other tasks assigned to it by the board of directors of the Central Bank of Libya.

Article 13 – Developing appropriate tools for combating money laundering

All entities responsible for licensing or authorizing financial, commercial, and economic establishments to carry out their activities, as well as the entities responsible for monitoring and inspecting them, shall develop appropriate tools for ensuring their compliance with the rules and regulations related to combating money laundering, and shall inform the Financial Information Unit of the Central Bank of Libya concerning any suspicious cases as soon as they are discovered.

The Central Bank of Libya shall draw up the necessary instructions to be followed by these entities in order to combat money laundering, and shall distribute them in conjunction with circulars issued by the Governor.

Article 14 – Confidentiality of information

All entities that obtain information and data in accordance with the provisions of this law shall maintain its confidentiality and shall reveal only the information required for use in investigations and legal proceedings against crimes of money laundering or other crimes described in this law.

Article 15 – Judicial cooperation with other countries in combating money laundering

1. The prosecutor general may, at the request of a judicial entity in another country, order to pursue the property obtained from a crime of money laundering or the means used in such crime to be tracked, frozen, or impounded, if the incident fits the description of such a crime in accordance with the provisions of this law and the country in question has signed an agreement with Libya for judicial cooperation, or based on the principle of reciprocity.
2. The validity of a judicial order issued in another country by the competent court or judicial authority calling for the seizure of property, proceeds, or means linked to a crime of money laundering or a related crime shall be recognized, if the incident fits the description of such a crime in accordance with the provisions of this law and the country in question has signed an agreement with Libya for judicial cooperation, or based on the principle of reciprocity.

Article 16 – Implementing regulations, instructions, and circular related to the law

1. The implementing regulations for this law shall be issued through a resolution of the General People’s Committee, upon the recommendation of the National Committee for Combating Money Laundering and the request of the Governor of the Central Bank of Libya.
2. The Governor of the Central Bank of Libya shall issue the circulars and instructions related to implementing the provisions of this law and the implementing regulations, and they shall be distributed to the relevant entities.

Article 17 – Effective date of the law

This law shall enter into force from the date on which it is issued and shall be published in the judicial register and in various communications media.

The General People’s Congress

Issued in Sirt on 12 Ayannar (January) 1373 DP / 2005