



FINANCIAL INTELLIGENCE UNIT

Republic of Palau

Safeguarding the Republic of Palau Against Illicit Financial Activity

Surangel & Sons Bldg., 2nd Floor, Ernguul Road, Ikelau, Koror; P.O. Box 10243 Koror, Palau 96940 • Tel: (680) 488-5080 • palaufiu.org

Notice of Proposed Regulations

Issued pursuant to the Republic of Palau Anti-Money Laundering and Counter Terrorism Statutes, 17 PNC Chapter 33

Date Posted: March 3, 2026

Pursuant to the Administrative Procedures Act (“APA”), 6 PNC §125, the Financial Intelligence Unit (“FIU”) is providing Notice of Proposed Regulations. This section provides the initial process through which the FIU promulgates regulations that implement provisions of the Republic of Palau’s anti-money laundering and counter terrorism statutes, 17 P.N.C. Chapter 33.

A brief summary of the regulations is attached. The full text of the regulations is available for reading, inspection, review, and copying at the office of the FIU and the Bureau of Domestic Affairs. It may also be obtained by sending an e-mail to adminspecialist@palaufiu.org with subject line “Request for Proposed Regulations – FIU AML/CFT Regulation 03 & 04” or at the FIU website: palaufiu.org.

Any comments to these proposed regulations must be submitted in writing to the FIU at P. O. Box 10243, Koror, Republic of Palau 96940 or via e-mail to adminspecialist@palaufiu.org **within thirty (30) days** of the date of posting. A public hearing may be held at the discretion of the FIU or if requested by either house of the Olbiil Era Kelulau or another government agency.

At the conclusion of the time period for acceptance of comments, the FIU will review the comments and suggestions and accept, reject, or amend the regulations as presently drafted.

The FIU will then formally adopt the final regulations in accordance with the APA, 6 PNC § 125 and 17 P.N.C. Chapter 33.

/s/
Adair K. Fincher
Director, Financial Intelligence Unit

March 3, 2026
Date

Summary of Proposed Regulations March 3, 2026

1. FIU AML/CFT Regulation 03 - Other Financial Institutions: VASPs and MVTS

FIU AML/CFT Regulation 03 - Other Financial Institutions: VASPs and MVTS defines Virtual Asset Service Providers (“VASPs”) and Money and Value Transfer Services (“MVTS”) as Financial Institutions under 17 PNCA §3301(l). VASPs and MVTS are subject to the same requirements, corrective measures, and fines as any other Financial Institutions.

2. FIU AML/CFT Regulation 04 - AML/CFT Reporting Entity Registry

FIU AML/CFT Regulation 04 – AML/CFT Reporting Entity Registry establishes a registry and registration process for Reporting Entities (Designated Non-Financial Businesses and Professions under 17 PNCA §3301(j) and Financial Institutions under 17 PNCA §3301(l)). Reporting Entities will be required to register with the FIU by September 1, 2026.



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Subed el Kirel a Uldasu el mo Llechul a Financial Intelligence Unit

Meketmokl el oltirakl er a Anti-Money Laundering ma Counter Terrorism Statues,
17 PNC Chapter 33

Sils ra otebdelel a subed: March 3, 2026

Tia subed/uleklatk el kirel a okedmeklel a uldasu el mo llechul a Financial Intelligence Unit (FIU) el oltirakl er a Administrative Procedures Act, 6 PNC § 125, el melekoi el kmo FIU a mo meruul er a uldasu el mo llach (*Regulations*) el lebo louspech el oltaut/melisiich a kltmokl el telbiil el ngara chelsel a Anti Money Laundering me a Counter Terrorism Statutes, 17 PNC Chapter 33.

A kedeb el omsodel a ikal uldasu el mo llach (*Regulations*) a obengkel tiang. E a mui el omsodel a sebchel mechuiu, merriter, moues, e mengai a oidel er a obis er a FIU me a Bureau of Domestic Affairs. Ng dirrek el sebchel mengai el okiu a melidiul (e-mail), el address er ngii a adminspecialist@palaufiu.org el dai er ngii a “Request for Proposed Regulations – FIU AML/CFT Regulation 01 & 04” me a lechub e ng mengai er a website er a FIU: palaufiu.org.

Ngii di el uldasu/tekoi el kirel a ikal el ketmekill el uldasu el mo llach (*Regulations*) a kirel el meluches er a babier e mengai/modurokl el mo er a FIU el P.O. Box 10243, Koror, Republic of Palau 96940 me a lechub e ng okiu a melidiul (email) el address er ngii a adminspecialist@palaufiu.org er a chelsel a **okedei (30) el klebesei** el omuchel er a sils er a otebedel tial subed. Ng di ultuir ra FIU me a lechub eng ongit ra Olbiil Era Kelulau me a lechub eng ta er a obis ra amt e a orrengsbuai a mo meketmokl.

Sel orokiolel a omeliul a uldesuir a rechad, e a FIU a mo omes e merritel aika el uldasu, e sebechel el mo ngmai me a lechub e ng chemoit me a lechub e ngmodech a mla meketmokl el llach.

A uriul er itiang e a FIU a mo ngmai e ousbech aikal llach el milngai er a omerritel el oltirakl er a APA el 6 PNC § 125 me a 17 PNC Chapter 33.

/s/

Adair K. Fincher
Director, Financial Intelligence Unit

March 3, 2026

Date

Kedeb El Omesodel Tia El Uldasu El Mo Llach
March 3, 2026

1. FIU AML/CFT Regulation 03 – Other Financial Institutions: VASPS and MVTS

A kombalii el Virtual Asset Service Providers (“VASPs”) ma Money and Value Transfer Services (“MVTS”) a okodengall el financial institutions lotirakl ra 17 PNCA §3301(l). A VASPs ma MVTS a ruebet ra osisiu el teletael e dirrek el losisiu a kelbsengel ngii ma rokui el financial institutions.

2. FIU AML/CFT Regulation 04 – AML/CFT Reporting Entity Registry

A Registry ra AML/CFT Reporting Entity a registry el mor ra rokui el kobalii (Reporting Entities) el ngii a okodengall el Designated Non-Financial Businesses and Professions loltirakl ra 17 PNCA §3301(j) and Financial Institutions under 17 PNCA §3301(l). A rokui el Reporting Entities a kirir el register lobengkel a FIU ra diak el bol meuod ra September 1, 2026.

FIU REGULATION
AML/CFT-Regulation-03

Other Financial Institutions: VASPs and MVTS

Arrangement of Paragraphs

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1. Effective Date

PART I: PRELIMINARY

1. **Short Title** – Other Financial Institutions: VASPs and MVTS
2. **Authorization** – The Republic of Palau FIU is authorized to issue and enforce regulations under 17 PNCA Chapter 33, the Money Laundering and Proceeds of Crime Act (“MLPCA”), specifically MLPCA §§ 3328, 3329, and 3334(w). The Republic of Palau FIU is authorized to expand the definition of Financial Institution under MLPCA §3301(l)(13) through the prescription by regulation of any other activity conducted as a business by a natural or legal person.
3. **Application** – These Regulations apply to all natural or legal persons who conduct as a business the activities described in these Regulations.
4. **Definitions** – Terms used within these regulations are as defined in MLPCA §3301, et seq.; in these Regulations, or as reasonably implied by contextual usage.
 - a. “FIU” or “Palau FIU” means the Republic of Palau Financial Intelligence Unit;
 - b. “Financial Institutions” or “FI” is defined under MLPCA §3301(l);
 - c. “Legal person” means a corporation, partnership, foundation, association or any other similar entity that can establish a permanent customer relationship with a Financial Institution;
 - d. “MLPCA” means the Money Laundering and Proceeds of Crime Act, 17 PNCA §3300 et seq.
 - e. “Money or Value Transfer System” or “MVTS” means any natural or legal person who conducts as a business the activities listed in Part III §2(a) of these Regulations.
 - f. “Virtual Assets” or “VA” means the digital representation of value that can be digitally traded or transferred and can be used for payment or investment purposes.
 - g. “Virtual Asset Service Provider” or “VASP” means any natural or legal person who conducts as a business the activities listed in Part III §1(a) of these Regulations.

PART II: STATEMENT OF POLICY

1. **Purpose** – These Regulations identify additional business activities that are not enumerated as business activities in the definition of “Financial Institutions,” which activities, if conducted by natural or legal persons, subject such persons to the requirements of the MLPCA and all applicable regulations promulgated by the FIU.
2. **Scope** – These Regulations apply to all natural or legal persons who conduct the business activities established in these Regulations.

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3. **Responsibility** – It is the responsibility of the natural or legal persons who conduct as a business the activities described in these regulations to comply with the MLPCA and any applicable regulations promulgated by the FIU as a Financial Institution under MLPCA §3301(l).

PART III: IMPLEMENTATION AND SPECIFIC REQUIREMENTS

1. Virtual Asset Service Providers

- a. A Financial Institution under MLPCA §3301(l) shall additionally be any natural or legal person that conducts as a business one or more of the following activities or operations for or on behalf of another natural or legal person:
- i. Exchange between virtual assets and fiat currencies;
 - ii. Exchange between one or more forms of virtual assets;
 - iii. Transfer of virtual assets;
 - iv. Safekeeping and/or administration of virtual assets or instruments enabling control over virtual assets; and
 - v. Participation in and provision of financial services related to the issuer's offer and/or sale of virtual assets.
- b. Any natural or legal person that conducts the activities in the Part III §1(a) shall be known as a Virtual Asset Service Provider or a VASP.

2. Money or Value Transfer System

- a. A Financial Institution under 17 PNCA §3301(l) shall additionally be any natural or legal person that conducts as a business the transmission of money or value through communication, message, transfer, or through a clearing network to which the MVTS provider belongs.
- b. Any natural or legal person that conducts the activities in Part II §2(a) shall be known as a Money or Value Transfer System or MVTS.

PART IV: CORRECTIVE MEASURES AND FINES

1. **Corrective Measures and Fines:** Should a legal or natural person who conducts as a business the activities listed in Part III of these Regulations not comply with these Regulations, the legal or natural person is subject to any and all corrective measures and/or fines applicable to Financial Institutions in the MLPCA and/or any applicable regulations promulgated by the FIU.

PART V: SEVERABILITY

1. Severability: If any section, subsection, item, clause, or phrase contained in these regulations is found to be illegal or otherwise incorrect or inapplicable, such finding shall not affect the validity of the remaining provisions of these regulations.

PART VI: EFFECTIVE DATE

1. Effective Date: In accordance with 6 P.N.C. §127, the effective date of the regulations will be 30 days from the date of adoption by the FIU unless rejected by the President of the Republic of Palau within 20 days of adoption and transmittal to the Office of the President

Questions relating to the Regulations can be addressed to the Financial Intelligence Unit of the Republic of Palau.

Adopted by the Director of the Financial Intelligence Unit and concurred with by the Governing Board of the Financial Institutions Commission on ____ day of _____ 2026.

Adair Fincher
Director
Financial Intelligence Unit
Republic of Palau

Uroi Salii
Chair, Governing Board
Financial Institutions Commission
Republic of Palau

Approved _____, 2026

His Excellency Surangel Whipps, Jr.
President of the Republic of Palau