

Third Follow-Up Report for the Hashemite Kingdom of Jordan Application to Move from Regular Follow-Up to Biennial Updates

A. Introduction

1. The 9th Plenary Meeting adopted the mutual evaluation report (MER) of Jordan on 19 May 2009. As a result, Jordan was placed under the regular follow-up process according to the paper on mutual evaluation process procedures. Jordan submitted its 1st follow-up report in May 2011 and its 2nd follow-up report in November 2012 where it expressed its hope that the Plenary Meeting examines its desire to move from regular follow-up to biennial updates. The Plenary Meeting decided to discuss Jordan's application to be moved from regular follow-up to biennial updating during the 17th Plenary Meeting.

2. This report is based on the procedures for removal from the regular follow-up, as agreed by the 12th Plenary Meeting (November 2010). The report contains a detailed description and analysis of the measures taken by Jordan in respect of the core¹ and key² Recommendations rated Non Compliant (NC) and Partially Compliant (PC) in the MER. It also contains a description and analysis of the other Recommendations rated (PC) or (NC). In Annex 1, we are including a list of the major laws and documents relevant to the AML/CFT regime in Jordan. The procedures require that the Plenary Meeting considers the removal of the country from the regular follow-up if it has, in the opinion of the Plenary Meeting, an effective AML/CFT regime in force, under which the country has implemented the core and key recommendations at the level essentially equivalent to a C (Compliant) or LC (Largely Compliant) taking into consideration that there would be no re-rating.

3. Jordan was rated PC and NC on a total of 36 recommendations:

Core Recommendations rated PC or NC
R1, R5,R13, SR.II, SR.IV
Key Recommendations rated PC or NC
R.3, R.23, R.26, R.35, R.36, R40, SR.I, SR.III, SR,V
Other Recommendations rated PC
R.6, R.9, R.11, R.15, R.21, R.22, R.24, R.27, R.30, R.31, R.33, R.38, SR.VI, SR.VII, SR.VIII
Other Recommendations rated NC
R.12, R.16, R.19, R.20, R.25, R.32, SR.IX

4. As prescribed by the procedures of removal from the regular follow-up, Jordan provided the Secretariat with a full report on its progress. The Secretariat has drafted a detailed analysis of the progress made by Jordan for the core and key recommendations rated NC or PC, as well as an analysis of the other Recommendations rated NC or PC. A draft analysis was provided to Jordan with a list of additional questions for its review, and comments from Jordan have been taken into account in the final draft. During the process, Jordan provided the Secretariat with all documents and information requested.

5. As a general note on all applications for removal from regular follow-up: the procedure is described as a *paper based desk review*, and by its nature is less detailed and thorough than a mutual evaluation report. The analysis focuses on the Recommendations that were rated NC or PC, which means that only a part of the AML/CFT regime is reviewed. Such analysis essentially consists of looking into the main laws, regulations and other material to verify the technical compliance of domestic legislation with the FATF standards. In assessing whether sufficient progress had been made, effectiveness is taken into account to the extent possible in a *paper based desk review* and

¹ The core Recommendations as defined in the FATF procedures are: R.1, R.5, R.10, R.13, SR.II and SR.IV.

² The key Recommendations as defined in the FATF procedures are: R.3, R.4, R.23, R.26, R35, R.36, R.40, SR.I, SR.III and SR.V.

primarily through a consideration of data provided by the country. Any conclusions in this report do not prejudice the results of the future assessments, as they are based on information which was not verified through an on-site process and was not as comprehensive as would exist during a mutual evaluation.

B. Main Conclusion and Recommendations to the Plenary

Core Recommendations

6. **R.1 (Criminalization of money laundering):** Deficiencies relating to criminalization of money laundering were addressed through amending the AML Law. The scope of predicate offences was widened to include misdemeanors and felonies that are punishable in the Kingdom and hence, the 20 offences listed in the Methodology were included. Moreover, conviction in a predicate offence is not required to prove that the funds are illicit. It is also emphasized that the AML/CTF Law is the concerned law in this field. It is noteworthy that (3) convictions were issued in a money laundering offence in Jordan.

7. **R.5 (Customer Due Diligence):** Deficiencies relating to this recommendation were addressed through amending the AML Law and including the financing of terrorism in all obligations therein. The Law covered the core obligations relating to due diligence measures including the prohibition to deal with anonymous customers or with fictitious or shell names and identifying the customer and beneficial owners and verifying their identity and classifying clients according to the risk degree. Instructions were also issued to banks and insurance companies to explicitly rely on the AML/CFT Law which stipulates penalties upon its violation or upon violation of regulations, instructions or decisions issued by virtue thereof. Adequate instructions were also issued for securities companies in 2010 and finance leasing companies in 2011. In 2011, AML/CFT instructions were issued to entities practicing any of the following financial activities: offering credit of all kinds, providing payment and collection services, issuing and managing payment and credit tools, trading in the monetary market tools and capital market tools either for its own account or the account of their customers, buying debts (factoring) and selling them either with or without right of recourse and managing investments and financial assets on behalf of others. In 2012, AML/CFT instructions were issued for entities providing postal services. Banks were prohibited from opening numbered accounts for customers and other financial institutions were not permitted, due to obligations relating to customer identification and account opening, to open numbered accounts. Circumstances that require taking due diligence measures when they present themselves were identified for all the financial sectors; verification of data from reliable sources in the insurance sector was covered as well as obtaining information about control over the customer if it was a legal person with regard to insurance and exchange companies. Moreover, deficiencies relating to the identification of the provisions regulating the client's business if it was a legal person were addressed as well as those relating to determining the nature and purpose of business relationship for insurance and exchange companies, ongoing due diligence, expansion of enhanced due diligence cases for exchange companies and the completion of due diligence measures after the establishment of a business relationship for banks and due diligence towards existing customers at the time of the approval of obligations.

8. **R.13 and SR.IV:** Deficiencies relating to this recommendation were addressed through amending the law in force by widening the scope of predicate offences to include misdemeanors and felonies that are punishable in the Kingdom or proceeds of the crimes that the International Conventions – ratified by the Kingdom – provided for as subject of ML, and accordingly the twenty offences listed in the Methodology were included. It was also stipulated that the AML/CFT Unit is the only entity authorized to receive reports about suspicious transactions that are suspected to be connected to ML/TF. The Unit stated that it received 65 reports from exchange companies suspected of being connected to ML/TF (as per statistics provided on the number of reports received by the Unit from exchange companies during the years (2007 – 3/2013). The Unit became required by virtue of

law to provide the reporting entities with feedback regarding the receipt of reports. The Unit also included the statistics on STRs with regard to number and reporting entity in the Unit's annual report for the period from 2007-2011. The annual reports for 2009 and 2012 also included some cases received that demonstrate to the subject entities the techniques and tools used in these cases.

9. **SR.II (Criminalization of terrorist financing):** Deficiencies relating to this recommendation were addressed by including forms of collecting and providing funds to a terrorist organization, association or agency or group of terrorists or an individual terrorist in the criminalization, even if such funds derive from legitimate sources so that the criminalization is largely aligned with the International Convention for the Suppression of the Financing of Terrorism. Jordan also addressed the ambiguity of the definition of funds in the context of terrorist financing; the definition currently includes any kind of assets, and electronic and digital documents to be consistent with the definition set out in the International Convention for the Suppression of the Financing of Terrorism.

10. As a general result, it can be said that the level of compliance of Jordan in these recommendations can be rated as equivalent to "LC".

Key Recommendations

11. **R.3 (Confiscation and provisional measures):** Deficiencies relating to this recommendation were addressed through the amendments made to the law. The amendment stipulated the sanction of confiscation in terrorist financing crimes. The amended law also granted powers to the public prosecutor competent in ML/TF crimes in verifying the real sources of funds belonging to the perpetrators of ML/TF crimes including tracing and knowing the source of such funds. The court was also granted the power to verify the sources of funds belonging to the accused persons, tracing properties and seizing and confiscating funds.

12. **R.23 (Supervision and Monitoring):** Deficiencies relating to this recommendation were addressed through working on enforcing and enhancing supervision on the financial institutions sectors such as exchange, insurance, banks and securities by increasing the technical and human resources of the supervisory authorities set out in the AML/CFT law through enhancing onsite and offsite inspection and training the personnel of supervisory entities. As well, by regulating financial leasing companies and subjecting them to AML/CFT requirements. However, there remains to enhance supervision particularly on the sectors recently regulated for AML/CFT purposes such as financial leasing and postal services providers.

13. **R.26 (Financial Information Unit):** Deficiencies relating to this recommendation were addressed as the Unit has become competent to receive the reports about any transaction suspected of involving terrorist financing in addition to money laundering. The amended law also affirmed the financial and administrative autonomy of the Unit. An independent budget was also allocated to the Unit and the relocation was made to the new headquarters. The Unit personnel have increased to reach currently 10 specialized employees.

14. **R.35 (Conventions):** Deficiencies relating to this recommendation were addressed through joining and ratifying Palermo Convention and completing the implementation of the International Convention for the Suppression of the Financing of Terrorism through making the necessary amendments to the AML/CFT Law. With regard to the United Nations Security Council (UNSCRs) Resolutions, the amended law laid out the legal basis relating to the implementation of the United Nations Security Council Resolutions (UNSCRs) by requiring the AML/CFT National Committee to follow up with the competent entities to execute the obligations set out in the international resolutions.

15. **R.36 (Mutual Legal Assistance):** Deficiencies relating to mutual legal assistance were addressed through the local legislations that granted the Jordanian judicial entities powers to cooperate with Non Jordanian judicial entities and by joining relevant international conventions that

require providing mutual legal assistance and signing Memoranda of cooperation and understanding with a number of countries. The Ministry of Justice received 7 judicial assistances in the AML/CFT field that were referred to the public prosecutor and 2 requests for the extradition of criminals for a ML offence and 2 MLA requests in money laundering through the international courtesy rules. The Kingdom submitted as well 2 requests of mutual legal assistance in the area of combating money laundering in 2012. Jordan relies on the consultations with concerned countries to determine the best venue for prosecution of defendants in the interests of justice; the Criminal Law (Penal Code) sets out the articles that identify the judicial jurisdiction of the Jordanian courts.

16. **R.40 (Other forms of cooperation):** Deficiencies relating to this recommendation were addressed where the Jordanian laws granted the competent authorities powers to cooperate with counterpart units in the field of exchange of information. The competent authorities in Jordan signed Memoranda of Understanding (MOUs) with several counterparts and non counterparts with the aim to enhance international cooperation in the field of exchange of information.

17. **SR.I (Implementation of UN instruments):** Jordan addressed the deficiencies relating to the implementation of the UN instruments through the ratification of Palermo Convention, completion of the implementation of the International Convention for the Suppression of the Financing of Terrorism by introducing the necessary amendments to the AML Law and implementing United Nations Security Council Resolutions (UNSCRs) and issuing the executive procedures concerned with the implementation of these Resolutions.

18. **SR.III (Freezing and confiscating terrorist funds):** Deficiencies relating to freezing and confiscating terrorist funds were addressed in terms of specifying the entity that freezes terrorist funds according to the United Nations Security Council Resolutions (UNSCRs). A national committee was formed to be in charge of issuing instructions on the execution of the obligations set out in UNSCRs (1267) & (1373). As well, the technical committee to implement SC Resolution no. (1267) and the technical committee to implement SC Resolution no. (1373) and the other resolutions relevant to both resolutions thereof were also formed. With regard to the guidelines provided to the financial and non financial institutions regarding persons or entities that may be holding the other targeted funds and assets, the technical committees implementing UNSCRs are still studying such guidelines (not issued yet).

19. **SR.V (International cooperation in TF field):** Most deficiencies relating to international cooperation in the AML/CFT field were addressed. The law in force included provisions concerned with handling the requests of mutual legal assistance and requests of criminals' extradition. With regard to implementation, the authorities provided judicial assistance to a number of cases, even for less intrusive measures in the absence of dual criminality, Jordan applies the international courtesy rules.

Other Recommendations

20. The Hashemite Kingdom of Jordan addressed a large part of the deficiencies relating to other recommendations. It is noteworthy that making the decision for the removal of Jordan from the follow-up process is primarily based on the core and key recommendations. This report does not provide a detailed analysis on other recommendations.

Conclusion

21. The follow-up procedures indicate that, for a country to have taken sufficient action to be considered for removal from the regular follow-up process, it must have an effective AML/CFT regime in force, under which it has implemented the core and key recommendations at a level essentially equivalent to C or LC, taking into account that there would be no re-rating. The Plenary

does, however, retain some flexibility with regard to the key recommendations if substantial progress has also been made on the overall set of Recommendations that have been rated (PC) or (NC).

22. With regard to core Recommendations, it can be said that the level of compliance of Jordan on these recommendations can be rated at a level equivalent to “LC” at least.

23. With regard to key Recommendations, it can be said that the level of compliance of Jordan on the overall set of Recommendations can be rated at a level equivalent to “LC” at least.

24. With regard to other recommendations where Jordan was rated NC or PC, it can be said that the level of compliance of Jordan on these recommendations is equivalent to LC.

25. With regard to effectiveness, Jordan issued 3 convictions in ML offence. No convictions were passed in terrorist financing until the date of drafting the present report. With regard to STRs, statistics show that there is an increase in the reporting rates from the institutions subject to the reporting obligation as well as from regulatory and supervisory entities in the transactions suspected to be connected to ML offense; while the available data show that the number of reports associated with terrorist financing has reached (5) cases during 2012-2013.

26. With regard to effectiveness of the supervisory entities governing financial and non financial institutions, the capacities of such entities were reasonably reinforced by increasing the number of employees, training such employees, continuing the inspections visits and imposing sanctions on the violating entities; which would improve the compliance of FIs with the obligations imposed thereon by virtue of the related law and regulations. With regard to effectiveness of LEAs in Jordan, Jordan reinforced their capacities by increasing the training of employees, and the number of declaration of cross border transportation of funds has increased in the recent years, as well as imposing sanctions on the violating cases. It is worth to mention that Jordan has taken large steps towards strengthening NPOs from misuse.

27. As a result, since the level of compliance of Jordan on the core recommendations is rated at a level equivalent to LC, at least, as well as on key recommendations at level equivalent to LC at least, the Plenary might approve the application of Jordan for removal from the regular follow-up to biennial update.

C. Overview of Jordan’s Progress

Overview of the main changes since the adoption of the MER

28. Since the adoption of the MER, Jordan has focused on amending its law to correct the deficiencies indicated in the MER.

The legal and regulatory framework

29. The Jordanian AML/CFT regime is based on Law no. (46) for 2007 with regard to the AML/CFT law, amended by virtue of provisional law no. (8) for 2010 and by virtue of the provisional law no. (31) for 2010. These amendments focused on expanding the scope of predicate offences of the ML crime, widening the scope of TF criminalization and commissioning the AML/CFT National Committee to implement the international resolutions. The Committee issued instructions to implement United Nations Security Council Resolutions (UNSCRs) no. (1267) and (1373) and the other resolutions relevant to both resolutions. Jordan also joined and ratified Palermo Convention and the Protocol to Prevent, Suppress and Punish Trafficking in Persons. Jordan also enacted the Human Trafficking Prevention Law and the new law on Associations by virtue of which many regulations and instructions were issued. The AML/CFT National Committee issued instructions to execute the

obligations set out in (UNSCRs) Resolutions no. (1267) and (1373) and the other resolutions relevant to both resolutions thereof.

D. Review of the measures taken in relation to the Core Recommendations

Recommendation 1 – Rating (PC)

Deficiency 1 the need for a conviction to be present in the predicate offence to prove that the funds are illicit

30. Article 4 (clause b) of Law no. 46 of 2007 and its amendments stipulated that the ML offense is an independent crime of the crime from which the funds are derived; and conviction is not a prerequisite in the crime from which the funds are derived to prove they are illicit. Therefore, the deficiency in this aspect was addressed.

Deficiency 2 the predicate offences do not include all the 20 offences according to the Methodology.

31. Article (4) of the AML/CFT Law stipulated that the funds derived from any crime punishable by virtue of the legislations in force in the Kingdom shall be considered as subject to money laundering or proceeds of the crimes that the international conventions - ratified by the Kingdom - provided for as subject of ML crime. Therefore, Jordan adopted the “All-crimes” approach to designate predicate offences. The following table shows the extended scope of the predicate offences in the Jordanian law for the 20 designated categories according to the Assessment Methodology, where all 20 categories should be criminalized:

Category	Legislative Tool	Legal Articles Criminalizing the Act/Acts
Participation in an organized criminal group and racketeering	Penal Code no. (16) of 1960 and its amendments	Articles 157, 158 and 415
Terrorism, including terrorism financing	Penal Code Anti-Terrorism Law No. (55) of year 2006 AML/CFT law	Articles 118 & 147-148 Articles 1-9 Clause (b) of Article 3 Item 3 of Clause (a & c) of Article 24
Trafficking in human beings and migrant smuggling	Human Trafficking Prevention Law No. (9) of 2009	Articles 3(a, b & c) and 8-9-10-11
Sexual exploitation, including sexual exploitation of children	Penal Code Human Trafficking Prevention Act	Articles 309-318 Articles (3), (8), (9), (10), (11) and (14)
Illicit trafficking in narcotic drugs and psychotropic substances	Narcotic Drugs and Psychotropic Substances Law no. (11) of 1988 and amendments thereto	Articles (3), (4), (6), (7), (8), (9), (10) and (12)
Illicit trafficking in arms	Arms and Ammunition Law no. (34) of 1952 and amendments thereto	Article 5-11
Illicit trafficking in stolen goods and other goods	Penal Code	Article 412
Corruption and bribery	Penal Code Anti Corruption Commission law	Articles 170-177 and 182-183

	no. (62) for the year 2006 and amendments thereto Economic Crimes law no. (11) of 1993 and amendments thereto	Articles (5), (6) and (22) Item (2) of clause (c) of articles (3 & 4)
Fraud	Penal Code	Articles 417-421
Counterfeiting currency	Penal Code Economic Crimes law no. (11) of 1993 and amendments thereto	Articles 239-244 Item (3) of clause (c) of article (3)
Counterfeiting and piracy of products	Copyrights Protection Law No. (22) of 1992 and its amendments Trademarks Law No. 33 of 1952 and amendments thereto Patent Law No. (32) of 1999 and amendments thereto	Articles 8-10, 23 & 51 Article 37 Article 32
Environmental crimes	Jordanian Penal Code Environmental Protection Law No. (52) of 2006	Articles 147-148 Articles (6- 13) and (18-20)
Murder and grievous bodily injury	Jordanian Penal Code	Articles 326-339
Kidnapping, illegal restraint and hostage-taking	Jordanian Penal Code Civil Aviation Law no. (41) of 2007 with regard to civil aviation safety	Kidnapping: Article 302 Restraint: Clause 2 of Article 149, Article (59)
Robbery or theft	Jordanian Penal Code Economic Crimes Law	Articles 399-413 Item (5) of clause (c) of article (3)
Smuggling	Customs Law No. (20) of 1998 and amendments thereto Antiquities Law No. (21) of 1988 and amendments thereto	Articles 203-207 Item (7) of clause (a) of Article (26)
Extortion	Jordanian Penal Code	Article 415
Forgery	Jordanian Penal Code Economic Crimes Law	Articles 260-272 Item (4) of clause (c) of article (3)
Piracy	The Royal Decree approved the Council of Ministers Decision No. (5235) dated 24/12/1994 including the approval to join the UN Convention for the Law of the Sea for 1982. It was published in the Official Gazette issue no. (5012) dated 1/2/2010. Code of conduct on suppressing piracy and armed robbery targeting ships in the Indian Ocean and the Gulf of Aden approved by the Council of Ministers on 20/5/2010	All Articles of the convention Authorities stated that a draft law on criminalizing piracy and armed robbery is under preparation; currently at the constitutional phase until final issuance.

Insider trading and market manipulation	Jordanian Penal Code Securities Law Economic Crimes Law	Articles 435-436 Article 108-110 Paragraph (a) of article (3) and item (6) of paragraph (c) of article (3)
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Recommendation 5: Rating (NC)

Deficiency 1: Not including the CFT obligations in the obligations set out in the AML Law on the relevant entities.

32. This deficiency was addressed through amending the law which added CFT requirements along with the ML requirements with regard to the financial institutions.

Deficiency 2: Not issuing the executive regulations for the implementation of AML provisions according to Article (30) thereof.

33. The work procedure no. (44) of 2008 of the AML National Committee was issued and specified the work framework of the National Committee with regard to its meetings, quorum and decision making mechanism. The AML Unit regulation no. 40/2009 was also issued. The regulation set out the powers and tasks of the AML Unit and the powers and tasks of the Chief of the Unit as well as cooperation with the regulatory and supervisory entities and counterpart units according to the provisions of the AML Law before amendment. In 2011, this regulation was amended as well as the AML National Committee Regulation passed in 2008 in line with the AML/CFT Law. The amended Unit regulation set out its tasks and powers with regard to investigation and analysis of the reports suspected to be connected to ML/TF, requesting the necessary information for analysis and building the necessary databases in this regard. The regulation also tackled coordination with the regulatory and supervisory entities and competent entities with regard to AML/CFT and preparing training and awareness programs in AML/CFT. The regulation also gave full power to Chief of the Unit to manage and supervise the Unit affairs including the designation of departments and determining their functions. On the other hand, the law explicitly gave the supervisory entities the power to issue instructions to the institutions subjected to its provisions which is as follows.

Deficiency 3: Not issuing AML instructions in the insurance activities based on the AML Law so that the stipulated penalties may be imposed on the companies violating the instructions.

34. The instructions issued by the Insurance Commission's Board of Directors in April 2010 (amended in November 2010) are clearly based on the Insurance Law and the AML/CFT Law.

Deficiency 4: Neither the law nor any other primary or secondary legislation addressed the following:

- ***The issue of numbered accounts (whether to permit or prohibit them) so that the financial institutions are required to keep them in a way through which full compliance with the FATF Recommendations is achieved.***
- ***The other circumstances that require the application of due diligence measures namely the cases found in the last four items of Criterion 5-5 under R.5.***
- ***In the insurance field, identity must be verified using original documents, data or information from a reliable and independent source (customer identification data) and it must be verified whether any person claiming that he/she acts on behalf of the client is actually authorized to do so while identifying and verifying his identity.***
- ***In the insurance field, it must be verified whether the client is acting on behalf of another person and accordingly take reasonable measures to obtain sufficient data to verify the***

identity of such other person. In the exchange and insurance field, natural persons who have actual ownership or control over the client must be identified including the persons who exercise actual full control over the legal person or legal arrangement.

35. The instructions issued to the banks prohibited dealing in numbered accounts. The Jordanian authorities informed that the relationship between the exchange, insurance, financial leasing and financial activities companies, postal services providers and their customers does not include opening accounts in the first place as well as numbered accounts. With regard to securities companies, dealing with customers with regard to registering and depositing securities requires their clear identification. The instructions issued to the banks, exchange companies, securities companies and insurance companies also set out the circumstances where due diligence measures shall be undertaken. The insurance instructions require insurance companies to verify the identification data through reliable original documents and referring to the website of the Companies Control Department. In case another person deals with the company on behalf of the customer, the company should take reasonable measures to obtain sufficient identification data to identify such person and require verifying that he is actually acting on behalf of the customer.

36. With regard to verifying the existence of a beneficial owner other than the customer, the insurance instructions require identification of the beneficial owner and taking reasonable measures to verify his identity. The instructions also addressed the issue of persons who have actual control over the client by requiring that the identification data includes his name, legal form, address of headquarters, type of activity, capital, date and number of his registration at the competent entities including tax number, telephone numbers, the purpose and nature of the business relationship, the names and addresses of owners and their ownership shares in the legal person and names of the signatories and the provisions that regulate the binding authority for the legal person or legal arrangement so that the company knows the ownership structure and the provisions that regulate the decision making powers that are binding to the legal person and any other information the company deems necessary to obtain.

37. With regard to the exchange companies, instructions require the customer identification data to include the name of the legal person, his legal form, name of owners, shares of ownership, signatories, address of headquarters, type of activity, amount of capital, date and number of registration, tax number, national number of the establishment, names, nationalities and phone numbers of the authorized persons to act on behalf of the client, the purpose and nature of business relationship and any other information the exchanger deems necessary to obtain including the beneficial owner. The instructions also require providing reasonable measures to identify the ownership structure and controlling management over the legal person.

Deficiency 5: The instructions issued to the financial sector institutions did not address the following:

- ***Requiring, with regard to customers from legal persons or legal arrangements, to obtain information about the provisions that regulate the binding authority for the legal person or legal arrangement.***
- ***Requiring the exchange companies to take reasonable measures to determine the ownership and control structure of the customer if he is a legal person.***
- ***Requiring the insurance, exchange and securities companies to obtain information relating to the purpose and nature of the business relationship.***
- ***Requiring the exchange companies to include under the ongoing due diligence measures, the requirement to conduct an audit on the transactions that occur throughout the establishment of the relationship to ensure that they are consistent with what the institution knowledge about the customers, the pattern of their activities and the risks profile and if necessary the source of funds. Additionally, they should ensure that the documents, data and information that are obtained by virtue of the due diligence measures are regularly updated and adequate by revising the existing records especially with regard to high-risk categories of customers and business relationships.***

- *Requiring the exchange companies, in the issue of enhanced due diligence measures, to include broader categories of customers who pose risks and to include high-risk business relationships or transactions.*
- *Requiring the application of due diligence measures with regard to existing customers as of the date when the national requirements come into force on the basis of materiality and risk and addressing the issue of stopping to take due diligence measures towards existing business relationships.*
- *There is confusion with regard to the inability of the bank to enter into an ongoing relationship with the customer before fulfilling the verification procedures.*
- *The AML Law requirements do not include the mail financial services and the mail savings fund.*

38. The instructions issued to all the financial institutions included articles addressing the abovementioned issues. Additionally, the AML/CFT instructions were issued to the financial activities companies and postal services providers.

R13: Rating (PC)

Deficiency 1: The scope of predicate offences is not commensurate with the ML crime

39. This issue was addressed when the Jordanian lawmaker adopted the “all-crimes” approach found in the Jordanian legislations in force or the international conventions ratified by Jordan which stipulate that their proceeds are subject to money laundering. (For details on criminalizing the 20 categories of predicate offences, please refer to the analysis under R.1 above).

Deficiency 2: The Unit lacks exclusive competence to receive ML suspicious reports

40. The legislative amendment confirmed that the Unit is competent to receive STRs on ML/TF and the instructions issued to the financial institutions confirmed the need to notify the Unit of the suspicion. The law stipulated under article (33) that no provision related to ML/TF offences set out in any other legislation in conflict with the provisions of this law is being observed. Therefore, the provision set out in the Banks Law on requiring banks to report any transaction related or may be related to an offence (indicated in the MER) shall not be applied in this regard. Therefore, the Unit is the only competent authority to receive reports on transactions suspected to be related to ML/TF. The authorities stated that whereas the Unit is the only competent authority to receive STRs, the database, information and documents related to the STRs are all maintained at the Unit; no party or any entity may peruse them including the Central Bank of Jordan. The authorities stated that following the MER issuance in May 2009, all the electronic systems related to receiving STRs on ML/TF transactions at the Unit were separated on independent servers from those of the Central Bank of Jordan.

Deficiency 3: There are no obligations in a primary or secondary legislation to report ML transactions derived from or related to terrorist financing or those that will be used therein or the actions, terrorist organizations or terrorist financiers.

41. This deficiency was addressed by explicitly stipulating in the law after amending it on the TF criminalization, deeming it one of ML predicate offences and imposing the reporting obligation about the transactions suspected of involving money laundering or terrorist financing. The instructions issued to the financial institutions confirmed these obligations.

Deficiency 4: Non efficiency and effectiveness of reporting from the entities subject to the law in light of the recent application of law.

42. The Jordanian authorities provided statistics indicating the increasing numbers of reports submitted by the financial institutions (and others) to the Unit with respect to ML/TF suspicion rising from (35) reports in 2007 to (195) in 2008, (141) in 2009, (204) in 2010, (242) in 2011 and (185) in 2012 and (35) STRs until 28/3/2013. The statistics about the ML suspicious cases also show that a

final judgment was issued on a ML case in 2009, suspicion was kept in one case by the Public Prosecutor in 2010 and trial was prevented³ in another case in the same year. In 2011, there were two cases that were kept by the Public Prosecutor, another case that is still under trial and a third one that was concluded by “no accountability”⁴. In 2012, initial judgments were passed by the competent courts in two cases of suspicion. During 2012 and 2013, the Unit received (5) STRs on TF (as per the statistics below). The said statistics reflect an increase in the number of reports. However, it seems there are some sectors that still need more follow up and awareness as they did not submit any reports as shown by the statistics; knowing that the Unit received in 2012, an STR (1) from an insurance company and another one from financial activities company.

Statistics on STRs and requests of information received by the Unit on TF suspicious cases during 2012 and 2013 distributed by the reporting entity

Year	Type of Entity	Number	Measure taken
2012	Banks	2	Retention
2013	Exchange Companies	1	Referral to competent authorities
	Company subject to the supervision of Securities Commission	1	Retention
	Request of a counterpart unit	1	Response to a request of information

SR.II: Rating (PC)

Deficiency 1: Terrorist financing does not include the act committed by a terrorist organization or a terrorist

43. According to Article (3) of law no. (46) of year 2007 and amendments thereto, terrorist financing is *knowingly providing or collecting funds or facilitating the access thereto or transferring them in any means, directly or indirectly, even from legitimate sources, to a terrorist or terrorist organization, agency, association or group or for a terrorist act, with the knowledge thereof, whether or not such funds are fully or partially used and whether such acts were actually committed or not.* Therefore, criminalization in law has included collecting, providing or facilitating the access to funds for a terrorist individual or terrorist organization. Accordingly, Jordan addressed the deficiency related to this recommendation.

Deficiency 2: The notions of funds is unclear

44. Article (2/a) defined funds as *any property or right that has a material value in transactions and the documents and legal deeds in any form including electronic or digital form that indicate the ownership of such funds or any interest therein including bank accounts, securities, commercial papers, travellers' checks, letters of credit and documentary credits regardless of the means by which they were obtained.* Therefore, Jordan has addressed the deficiencies regarding the absence of definition of funds in the context of terrorist financing. Through the legal amendment of law no. (46) of 2007 by including the terrorist financing crime in the law, Jordan addressed the ambiguity of the notion of funds in the context of the terrorist financing crime. This definition is consistent with the definition set out in the International Convention for the Suppression of the Financing of Terrorism. Accordingly, Jordan fulfilled the deficiency related to this recommendation.

³ Article (130/a) stipulated in the Law on the Criminal Procedures no. (9) of year 1961 and its amendments that if the Public Prosecutor established that the act does not form a crime or no evidence has been made or provided proving that the accused is the perpetrator of the crime, he will decide to prevent the trial.

⁴ Article (178) of the Law on the Criminal Procedures no. (9) of year 1961 and its amendments indicated that if it was established that the act does not form a crime or the accused is innocent or not liable for its commitment, the court shall decide that he is not liable and declare his innocence in the charges brought against him.

Deficiency 3: Not specifying a dissuasive and proportionate sanction with regard to natural persons and legal persons

45. Article (24) of the AML/CFT Law in force stipulated that *each natural person who commits or attempts to commit the terrorist financing crime stipulated in this law shall be punished by provisional hard labor for a period not less than ten years and a fine not less than 100,000 JOD while confiscating the funds and all instrumentalities used or intended to be used in the crime.* The partner, collaborator and instigator shall also be punished by the same penalty stipulated for the primary perpetrator. With regard to penalties imposed on the legal person, Article (31) of the amended law stipulated that the legal person shall be liable for the crimes committed by the person responsible for the actual management therein according to the provisions of law. The fines stipulated in the law shall be imposed thereon. The court may also suspend the legal person, from working, fully or partially, for a period not less than one month and not exceeding one year. In case of recurrence, the court may decide to revoke the registration of the legal person or liquidate him and prevent each person who is found to be personally responsible for committing any of these crimes whether he is chairman, president, a member in the board of director, manager or partner from contributing in the capital of any legal person having similar purposes or to participate in the management thereof. Therefore, it seems that these sanctions are dissuasive with regard to the natural and legal persons. Accordingly, Jordan addressed the deficiency related to this recommendation.

Deficiency 4: Inability to measure the effectiveness of the CTF legal system due to lack of statistics

46. The Jordanian authorities provided statistics on the number of reports incoming to the Unit on TF suspicious cases during 2012 and 2013 as follows:

Statistics on STRs and requests of information received by the Unit on TF suspicious cases during 2012 and 2013 by reporting entity

Year	Type of Entity	Number	Measure taken
2012	Banks	2	Retention
2013	Exchange Companies	1	Referral to competent authorities
	Company subject to the supervision of Securities Commission	1	Retention
	Request of a counterpart unit	1	Response to a request of information

SR.V: Rating (NC)**Deficiency 1: The Unit lacks competence to receive STRs related to TF**

47. This deficiency was addressed through explicitly stipulating in the law that the Unit is competent to receive reports relating to suspicion of money laundering or terrorist financing.

Deficiency 2: Absence of a provision in a primary or secondary legislation requiring reporting suspicious transactions involving or related to terrorist financing but there was reference to the measures that should be taken in case the transaction is related to terrorist activity

48. This deficiency was addressed as the law and instructions issued to financial institutions provided for the obligation to report transactions suspected of involving money laundering or terrorist financing.

E. Review of the measures taken in relation to the Key Recommendations

R.3: Rating (PC)

Deficiency 1: Absence of confiscation in terrorist financing crimes

49. Article (24) of law no. (46) of 2007 and amendments thereto provided for the penalty of confiscating funds and all instrumentalities used or intended to be used in the crime or the attempt to commit a TF crime. Article (25/c) of the law also stipulated the penalty of confiscation of cross border transportation of funds in case they are related to terrorist financing. Therefore, Jordan addressed the deficiency relating to this recommendation.

Deficiency 2: The law enforcement authorities are not enabled to designate and trace the properties subject or that might be subject to confiscation or suspected of being crime proceeds.

50. Article (27/a) of law no. (46) of year 2007 and amendments thereto gave the Public Prosecutor the power to investigate the real sources of funds belonging to the perpetrators of ML/TF crime including tracing such funds and whether the source of such funds is one of the actions prohibited by virtue of law or any of the relevant legislations in force. The competent court was also granted this power in addition to its powers to decide seizing and confiscating such funds as well as the powers granted to the Public Prosecutor according to the Code of Criminal Procedures in force or any other relevant legislation. Therefore, Jordan addressed the deficiency relating to this recommendation.

R.23: Rating (PC)

Deficiency 1: Non effectiveness of supervision over the financial institutions except banks and exchange

51. AML/CFT law highlighted the obligations of all supervisory and regulatory authorities with respect to AML/CFT as follows: Clauses (b & c) of article (18) of the AML/CFT law in force provides for the following:

b- The regulatory and supervisory authorities shall establish and prepare all means to verify the compliance of the authorities governed by this law to the provisions, regulations, instructions and decisions issued by virtue of any thereof and issue instructions required according to the provisions of the law.

c- The entities stipulated in clause (a) of this article shall abide by the following:

- 1- Take measures and means required to exchange information and coordinate with the AML/CTF Unit regarding AML/CFT.
- 2- Inform promptly the Unit if during exercising its tasks as per the legislations in force, it has any doubts about ML or TF suspicion; the Unit shall inform such entities of the measures taken according to the provisions of this law, if required.

52. Such authorities issued AML/CFT instructions to the sectors subjected to their supervision as per the provisions of item (4), clause (a) of article 14 of AML/CFT law in force and conducted monitoring and inspections to verify their compliance with the provisions, regulations and instructions as will be stated later for each.

53. The Unit issued AML/CFT instructions to the entities that perform financial activities subject to the provisions of the AML/CFT Law in force. The Telecommunications Regulatory Commission (TRC) also issued AML/CFT instructions to the entities that provide postal services but the Secretariat could not find indicators relevant to the effectiveness of monitoring and supervision on these institutions.

54. The Jordanian authorities informed that the Central Bank of Jordan, Jordan Securities Commission and Insurance Commission signed MOUs with the Unit to enhance means of cooperation and coordination therewith. Moreover, the Central Bank of Jordan and Jordan Securities Commission notified the Unit about cases suspected of involving ML operations while conducting onsite or offsite supervision tasks (two cases relating to banks of the Central Bank in 2011 and 2012 during onsite inspection and one case in 2012 during offsite inspection; one case related to an exchange company in 2012 through onsite inspection and two cases related to securities companies of the Jordan Securities Commission in 2010 and 2011).

55. Supervision was promoted on the financial institutions sectors such as exchange, insurance, banks and securities through increasing the human and technical resources of the supervisors identified in the AML/CFT law by enhancing offsite and onsite inspections and training supervisors employees, as well as by regulating financial leasing companies and subjecting them to AML/CFT requirements. The supervision has yet to be enhanced on the sectors regulated recently for AML/CFT purposes such as financial leasing and postal services providers.

56. The supervisory entities supported their efforts to ensure compliance of financial institutions: the onsite inspection teams at the Banking Supervision Department conducted 17 inspection visits on licensed banks out of 26 banks in 2011, where 4 bank violations were detected. The penalty of advance notice was directed to two of them and the other two were notified about the need to comply with the provisions of the AML/CFT instructions and one of them was asked to furnish the Central Bank with a timescale to address the violations. Furthermore, in the period from 1/1/2012 until 31/3/2013, the onsite inspection teams at the Banking Supervision Department conducted (12) inspection visits to licensed banks out of (27) banks where (4) bank violations were detected. The penalty of advance notice was directed to two of these banks and the other two were notified about the need to comply with the provisions of the AML/CFT instructions.

57. With regard to human resources, the Central Bank of Jordan supported the Banking Supervision Department with employees and increased their training capacities as follows:

First: In 2011, 2012 and until end of March 2013, (15) new employees were recruited at the Banking Supervision Department in the onsite and offsite inspection, out of which (11) employees were recruited in the second half of 2012 and in 2013.

Second: In 2011, 2012 and until end of March 2013, employees from the Banking Supervision Department were delegated to internal and external sessions on banking supervision including AML/CFT. In 2012 and 2013, (7) employees obtained the Certified Anti Money Laundering Specialist (CAMS) certificate.

58. With regard to the exchange companies, the Money Exchange Supervision Department issued the risk-based inspection approach on licensed exchange companies in the Kingdom: (103), (99) and (103) inspection visits were conducted on exchange companies in 2010, 2011 and 2012 respectively during which (46), (42) and (72) violations by exchange companies were detected to the provisions of the Exchange Law and the instructions issued according thereto, the circulars issued by the Central Bank and the AML/CFT instructions. The penalties provided for in the Exchange Law were imposed which range between writing of the violations, warning, temporary closure, revocation of the license and transfer to the public prosecutor.

59. With regard to human resources, the Money Exchange Supervision Department at the Central Bank of Jordan currently has (22) employees including (9) employees in the inspection division. Moreover, two of the department's employees obtained the Certified Anti Money Laundering Specialist (CAMS) certificate in 2012. The Inspection Division of the Money Exchange Supervision Department in the Central Bank of Jordan also conducts onsite visits to ensure that the internal controls and monitoring systems are in place at the exchange companies that apply for branches and that the AML/CFT requirements are fulfilled.

60. With regard to insurance activities, an inspection guide was drafted about the transactions through which ML/TF can be conducted in insurance activities and the Commission's inspectors were trained on how to use the manual in the inspection process. In 2011, the Insurance Commission inspected (11) insurance companies out of (27) and (2) insurance companies in 2012 out of (27). The Commission's remarks primarily included that their AML/CFT system did not include some of the enforceable issues set forth in the AML/CFT instructions in the insurance activities and amendments thereto for 2010 such as non-compliance with the application of due diligence measures in execution of the provisions of the abovementioned instructions. Moreover, the insurance policy forms did not provide for the right of the company to terminate the insurance contract in case the company fails to perform the identification requirements of the beneficiary. The client's data was not reviewed regularly and such data was not updated with regard to high-risk clients or whenever the company doubts the accuracy or adequacy of the data previously obtained. The reporting officers neither raised periodic reports to the company's board of directors about his activity nor evaluated the AML/CFT systems and procedures and statistics about all the transactions suspected of involving ML or TF. There were many deficiencies in the AML/CFT internal system at many companies. An adequate information system for keeping records and documents was not developed in order to enable them to respond to the request of the Unit and competent official entities for any data or information, fully and promptly.

61. The authorities informed that these companies were addressed with the existing violations and the Insurance Commission follows up on the corrective measures executed by the companies to avoid these violations in the future. In October 2012, the key remarks about the implementation of the AML/CFT instructions for the insurance sector were circulated among all insurance companies. These remarks were set forth by the Insurance Commission through the onsite inspection visits during 2009-2012. They required full and ongoing compliance with the instructions from companies.

62. The following departments present in the Insurance Commission are in charge of the onsite inspection and offsite monitoring task of insurance companies in the AML field namely the Technical and Financial Control Department with (8) employees, Legal Affairs Department with (4) employees and the Supporting Insurance Services Control Department with (9) employees.

63. With regard, to the securities activity, the Licensing and Inspection Department and the Trading Control Department in the Securities Commission as well as any other competent authority pursuant to provisions of article (17) of the Securities law in force are in charge of the control tasks: they inspect the entities subject to the AML/CFT instructions in the securities activities through a specialized inspection team. Moreover, there is a preliminary inspection model that is used as a guide during inspection of these entities about the extent of application of the AML/CFT legislations especially the AML/CFT instructions in securities activities by these entities. The team verifies the extent of actual application of these legislations by examining samples of accounts, nature of clients, and nature of transactions, due diligence records and transaction records. (57), (45) and (33) inspection visits were conducted in 2010, 2011 and 2012, where (16), (29) and (37) violations were detected, and measures were taken in their regard ranging between warning and advance notice about compliance, recording the violations in the occupational register of the violating companies and fines.

Jordan Securities Commission sent a circular to all financial brokerage companies on 30/7/2012 by virtue of letter from the Commission's chairman requiring brokerage companies to comply with the AML/CFT instructions in the securities activities for 2010.

64. For the purposes of qualifying the Commission's employees in the AML/CFT field and relevant crimes, a number of employees were sent to a set of training courses and workshops some of which pertained to AML/CFT requirements. Jordan Securities Commission also held a training workshop in cooperation with the AML/CFT Unit in December 2012 in the Commission's headquarters where employees from the Securities Commission as well as reporting officers, liaison officers and senior management employees in financial services companies participated.

65. With regard to financial leasing companies, Financial Leasing Law no. (45) of 2008 regulating the legal relation between parties and explaining the nature of relation between them was passed. The AML/CFT instructions for companies performing the financial leasing activity for 2011 were passed, which regulate the business of such companies with regard to paying due diligence for the identification of customers and their activity in transactions and the application of the necessary policies and procedures to avoid risks and other AML/CFT obligations.

66. Within the supervision framework over these companies, the instructions required the companies to include in the agreement signed between them and the legal accountant the obligation of the legal accountant to verify that the company implemented such instructions and the adequacy of the company's policies and procedures related thereto and to include the results thereof in his report submitted to the management while informing the Companies Control Department as soon as he detects any violation of such instructions. The authorities informed that they will coordinate with the Central Bank of Jordan concerning supervision to the finance leasing companies to ensure the compliance of such companies with AML/CFT requirements since such companies might be banks or bank subsidiaries. No information was provided about detecting any violations and imposing penalties as a result.

67. If the financial leasing company is affiliated to any bank operating in Jordan, it must obtain a prior written approval from the Central Bank of Jordan to practice the financial leasing business based on clause (b) of article (37) of Banks Law no. (28) of year 2000 and amendments thereto which provide for the following: "the Bank may have a company or affiliated company engaged in any of the non banking financial activities based on a written approval from the Central Bank". The Central Bank of Jordan has approved, by virtue of the article indicated above, for a set of banks to establish finance leasing companies; such companies reached the total of (6) companies (affiliated to 6 banks) knowing that they are subject to the AML/CFT instructions no. (51/2010) dated 23/11/2010 in light of clause (3)/article (2) of these instructions and which have drawn the scope of application of such instructions whereby the clause provides for the following: "The provisions of these instructions shall apply to the following:

Third: Companies affiliated to Jordanian Banks operating in the Kingdom unless such companies are subject to another supervisory entity in the Kingdom – and such entity is issuing AML/CFT instructions - Companies affiliated to Jordanian Banks operating outside the Kingdom to the extent permissible by the laws and regulations in force in the host country; the higher criteria shall apply whenever AML/CFT requirements between home country and host country are different. The Central Bank shall be notified about any objections or restrictions that may limit or impair the implementation of such instructions".

68. Such companies are subject to the onsite inspection by the Central Bank inspectors pursuant to clause (a), article 70 of Banks Law no. 28/2000 and amendments thereto which provide for the following: "The Bank and any affiliated company shall be subject to inspection by the Central Bank or auditors appointed by the Central Bank for that purpose at the expense of the Bank; The bank and affiliated companies shall cooperate with the inspectors and/or auditors in such a manner to enable them fully perform their tasks" in order to verify if their policies and procedures in place are compliance with AML/CFT requirements." As well, items (1 and 3) of clause (c) of Article (70) of the mentioned law provided for the following: "The Central Bank and the appointed auditors may during inspection of the bank and any of its affiliates do the following :

1-Examine any accounts, records and documents including minutes of meeting as well as the Board and audit committee decisions and obtain copies thereof.

3-Request managers and agents of banks and affiliates to provide them with any information the Central Bank or the auditor deem required for this purpose.

The Financial Statements are subject to offsite inspection by the Central Bank of Jordan under the study of the financial statement of related banks, which occurs on a bi- annual basis".

69. The Companies Control Department increased human resources by delegating 18 employees from various departments to work in the Companies Control Department in addition to the presence of (19) trainees in order to increase the effectiveness of legal and financial monitoring on companies. Additionally, there is a legal accountant for the financial leasing companies who is required to notify the Companies Control Department in case the company violates the AML/CFT instructions for the financial leasing companies of year 2011 and any violation of the provisions of the Companies Law. With regard to post service providers, the AML/CFT instructions for postal service providers were issued in 2012.

70. The authorities informed that the CEO of the Telecommunications Regulatory Commission issues a letter including granting the Postal Regulation Department employees along with one of the Legal Department employees with the powers to detect violations of the postal companies that provide mail package shipping services and to enter their offices and view their records and write reports about their violations, if any, to be signed by the control officers and violators. No information was available on detecting any violations and imposing penalties as a result. The Telecommunications Regulatory Commission addressed a letter to all companies operating in the postal services on the requirement of assigning a reporting officer to liaise between the company and AML/CFT unit according to the article (11) of AML/CFT instructions pertaining to such companies. The Commission invited all operators of such services to a meeting on 8/4/2013 to discuss all the aspects related to postal sector and the measures required to regulate such sector; they were reminded in the meeting of the need to comply with AML/CFT instructions and inform the Unit of any operation suspected to be connected to ML or TF.

Deficiency 2: Not activating the regulatory and supervision functions of Jordan Insurance Commission and Jordan Securities Commission in the AML field

71. Based on the information indicated above, the supervision and regulatory task of the Insurance Commission and the Securities commission was adequately activated in AML.

Deficiency 3: The financial leasing sector in the Kingdom is not subjected to regulation while setting supervisory and regulatory criteria for registration and performing activity and considering taking dissuasive measures towards the entities that failed to register.

72. The Financial Leasing Law no. (45) of 2008 was issued: It regulated all aspects related to the business of financial leasing companies; the Company Control Department at the Ministry of Industry and Trade supervise such companies while the Central Bank of Jordan supervises the financial leasing companies affiliated to banks. AML/CFT instructions of 2011 for companies exercising the financial leasing activities were issued by the Minister of Industry and Trade. Such instructions regulate the financial leasing business with regard to taking due diligence measures to identify the customer, his activity in the transactions and applying policies and measures required to avoid risks and other AML/CFT obligations.

73. The financial leasing companies are registered at the Companies Control Department under the procedures defined in the Companies Law in force, by company type; if the financial leasing company is affiliated to any bank operating in Jordan, it must obtain a prior written approval from the Central Bank of Jordan to practice its business based on clause (b) of article (37) of Banks Law no. (28) of year 2000 and amendments thereto which provide for the following: "the Bank may have a company or affiliated company engaged in any of the non banking financial activities based on a written approval from the Central Bank". The Central Bank of Jordan has approved, by virtue of the article indicated above, for a set of banks to establish financial leasing companies; such companies reached the total of 6 companies (affiliated to 6 banks) knowing that they are subject to the AML/CFT instructions no. (51/2010) dated 23/11/2010 in light of clause (3)/article (2) and which have drawn the scope of such instructions whereby the clause provides for the following: "The provisions of these instructions shall apply to the following: Third: Companies affiliated to Jordanian Banks operating in

the Kingdom unless such companies are subject to another supervisory entity in the Kingdom – and such entity is issuing AML/CFT instructions - Companies affiliated to Jordanian Banks operating outside the Kingdom to the extent permissible by the laws and regulations in force in the host country; the higher criteria shall apply whenever AML/CFT requirements between home country and host country are different. The Central Bank shall be notified about any objections or restrictions that may limit or impair the implementation of such instructions”.

74. Such companies are subject to the onsite inspection by the Central Bank of Jordan inspectors pursuant to clause (a), article 70 of Banks Law no. 28/2000 and amendments thereto which provide for the following: “The Bank and any affiliated company shall be subject to inspection by the Central Bank or auditors appointed by the Central Bank for that purpose at the expense of the Bank; The bank and affiliated companies shall cooperate with the inspectors and/or auditors in such a manner to enable them fully perform their tasks” in order to verify if their policies and procedures in place are compliance with the legislation in force including AML/CFT requirements.”

75. With respect to the remaining types of companies and whereas the Company Control Department is the regulatory and supervisory entity to all types of companies including financial leasing; the law in force granted the Companies Control Department many tasks and powers which vary by type of company further to its powers stated in articles (273 and 276) which stipulate that all companies shall comply with the provisions of this law and respect the bylaws and act of establishment and bulletin and implement decisions made by the General Committee; the Minister and the supervisor may take the measures they deem appropriate to monitor the companies and verify their compliance with the provisions, contracts, regulations and decisions. The supervision includes specifically the following: a) examine the companies’ accounts and records; b) verify the companies’ compliance with the objectives they were established for.

76. The Minister may based on the supervisor judgment, assign the department employees or any competent committee to audit the accounts and activities of the shareholding company; they may peruse and audit the company’s records, books and documents at the company’s premises; they may as well ask for clarifications and explanations from its employees and auditors; if the company fails to answer, it shall be considered as violating the law. Banks and insurance companies are an exception to these last provisions.

Deficiency 4: The need to implement the regulatory and supervisory measures that apply for precautionary purposes in the other financial institutions other than banks and insurance companies.

77. FIs supervisory authorities are the same authorities that were assigned by virtue of AML/CFT law the task of supervising the compliance of such institutions with AML/CFT requirements. Hence, the precautionary supervision requirements are activated by such entities to serve AML/CFT purposes.

R26: Rating (PC)

Deficiency 1: The Unit’s competence is limited to the money laundering and not terrorist financing field

78. Article (7/b) of law no. (46) of 2007 and amendments thereto stipulated that the Unit shall be competent to receive the reports stipulated in Article (14/a/3) of the law pertaining to any transaction suspected of related to money laundering or terrorist financing. It also stipulated that the Unit has the right to request, analyze and investigate information related to this transaction and to provide the competent entities with such information when required for AML/CFT purposes. Therefore, this amendment broadened the powers of the Unit to include terrorist financing in addition to money laundering. Accordingly, Jordan addressed the deficiency related to this recommendation.

Deficiency 2: Inability to ensure the independence of the Unit's work.

79. Article (7/a) of the amended law provided for the financial and administrative autonomy of the Unit. In this regard, an independent budget was allocated to the Unit as part of the public budget of the State to ensure the Unit's autonomy. Article (7/a) of the law also stipulated that the functions and powers of the Unit and all other relevant provisions shall be determined including employee affairs by virtue of a regulation issued for this purpose. This took place by virtue of regulation no. (40) of 2009 issued by virtue of Article (7/c) of the AML/CTF Law no. (46) of 2007 and amendments thereto, which included the competence and functions of the Unit. Internal instructions were also issued by Chief of the Unit with regard to determining the organizational structure of the Unit and specifying the functions of each of the Unit's directorates. The Unit moved to the new headquarters on 16 December 2012; it was equipped by the International Drug Monitoring Programme and the law enforcement of the US Treasury Department. Many instructions relating to information security and protection in the Unit were also issued. Jordan has thus taken many measures to guarantee the independence of the Unit's work.

Deficiency 3: Financial, human and technical resources are insufficient in the Unit.

80. It was previously mentioned that Jordan issued the AML/CTF Unit Regulation no. (40) of 2009 and amendments thereto which regulates many matters including the Unit's administrative, financial and employees' affairs. Moreover, part of the employee cadre was appointed according to the organizational structure rising to 10 employees in the Unit distributed among all the directorates. The secondment of all employees from the Central Bank of Jordan ended and some were appointed in the Unit's staff. Financial resources of the Unit were also increased from JOD 500.000 (i.e. equivalent to USD 700.000) in 2010 to become JOD 800.000 (i.e. equivalent to USD 1.15 million) in 2011. In 2012, the Unit's budget reached JOD 900.000, equivalent to USD 1.268 million while it has reached JOD 1 million (equivalent to USD 1.410 million) in 2013; Thus, Jordan has taken sufficient measures to address the shortage in financial and human resources.

R35: Rating (PC)***Deficiency: Non ratification of Palermo Convention.***

81. The Jordanian authorities ratified the United Nations Convention against Transnational Organized Crime (Palermo Convention) which was published in the official gazette issue no. (4960) on 30/4/2009. Accordingly, Jordan has addressed the deficiency related to this recommendation.

Deficiency 2: Incomplete implementation of the International Convention for the Suppression of the Financing of Terrorism.

82. Jordan addressed the deficiencies related to TF criminalization in line with the International Convention for the Suppression of the Financing of Terrorism as it criminalized the forms of providing and collecting funds for terrorists or terrorist organizations. It also addressed the ambiguity of the notion of funds in the context of the terrorist financing crime through the amendments made to the law no. (46) of year 2007. Many of the international judicial assistance requests were also executed by relying on this convention. Therefore, Jordan addressed the deficiency related to this recommendation.

R.36: Rating (PC)***Deficiency 1: Inadequate criminalization of money laundering and terrorist financing acts.***

83. It was previously mentioned that Jordan addressed the deficiencies related to ML/TF criminalization acts by stipulating the independence of the ML crime of the predicate offences, the

lack of prerequisite for the presence of a conviction in predicate offences to prove that the funds are illicit and widening the scope of predicate offences to include all crimes. The deficiencies related to TF offence were also addressed which pertain to including the act committed by the terrorist organization or terrorist under the definition of TF offence and have the definition of funds consistent with the definition set out in the International Convention for the Suppression of the Financing of Terrorism.

Deficiency 2: Presence of deficiencies in the scope of mutual legal assistance.

84. Law no. (46) of 2007 and amendments thereto addressed the legal basis governing the field of providing mutual legal assistance in fighting money laundering crimes as Article (22) thereof stipulated that, “the Jordanian judicial entities shall cooperate with the non-Jordanian judicial entities in particular with regard to judicial assistances, letters rogatory, extradition of accused persons and the convicted as well as the requests of the non-Jordanian entities to trace, freeze or seize the funds, subject of the money laundering or terrorist financing crimes or their proceeds thereof according to the rules determined by the Jordanian laws and bilateral or multilateral agreements ratified by the Kingdom or according to the principle of reciprocity. Article (23) of the law also stipulated that, “the competent Jordanian judicial entities may order the execution of requests of competent non-Jordanian judicial entities to confiscate proceeds of money laundering or terrorist financing crimes according to the rules set out by the Jordanian laws and bilateral or multilateral agreements ratified by the Kingdom. Hence, Jordan has widened the scope of mutual legal assistance to include forms of facilitating the appearance of persons to hear their testimony or statements and any other MLA form through the legislative amendments made to the local legislation and through the ratification of the Arab Convention for combating money laundering and terrorism financing by law no. 20/2012 and ratification of the Arab Convention against Transnational Organized Crime by the law No. 18/2012; Royal Decree was issued on approving the Council of Ministers’ decision no (4429) dated 24/3/2009 approving Jordan ratification of the International Convention against Transnational Organized Crime (Palermo Convention) which was issued in the Official Gazette issue (4960) dated 30/4/2009; whereby the exchanged MLA requests received by Jordan are studied and handled as per the texts of agreements made by Jordan, whether bilateral, international or regional.

Deficiency 3: Absence of mechanism to avoid delays in responding to mutual legal assistance requests

85. The authorities informed that the mutual legal assistance requests are handled and executed through the Public Prosecution. The speed of executing any judicial assistance request relies on the nature of the request itself with regard to the information required and obtaining documents, testimony of witnesses, executing warrant and inspection operations or delivering judicial documents which are usually delivered within a week of receiving them regardless of existence of bilateral or multilateral agreement.

Deficiency 4: Non presence of mechanisms to determine the best venue for prosecution of defendants in the interests of justice

86. The authorities stated that the international or regional or bilateral agreements are applied if they included a text that addresses the issue of determining the best venue for prosecution (as an example, the provisions of the mutual legal assistance agreement on some penal issues between Jordan and France under Chapter 6 on transferring the penal procedures and the automatic exchange of information” on the feasibility of transferring the penal procedures when interrelated offences occur in more than one country); if the international or regional or bilateral agreements did not provide for the above, it should be referred to the general rules in determining the best venue for prosecution as set out in the Jordanian Penal Code (articles 7 -11).

R. 40: Rating (PC)***Deficiency 1: Not granting the competent authorities the power to exchange information directly with counterparts and non-counterparts in the AML/CFT field.***

87. Jordan has taken many measures to address the deficiency related to this recommendation. It gave the AML/CFT Unit the power to exchange information with counterpart units based on the principle of reciprocity and provided such information is not used except for AML/CFT purposes. The Unit has the right to sign Memoranda of Understanding (MOUs) with counterpart units to regulate such cooperation according to Article (19) of the law no. (46) of 2007 and amendments thereto. Until 30 March 2013, The Unit has signed (16) bilateral MOUs. The Kingdom joined Egmont Group on 13 July 2012 which enhances the mechanisms of cooperation and exchange of information with counterparts. Following the adhesion Egmont group, there was (32) submitted requests to the Unit. Additionally, Article (22) of the law stipulated the cooperation of the Jordanian judicial authorities with the non-Jordanian judicial entities according to the rules set out by the Jordanian laws and bilateral or multilateral agreements ratified by the Kingdom or pursuant to the principle of reciprocity. In this regard, Jordan signed security agreements and MOUs regarding security cooperation and combating the crime with Spain, Italy, Bosnia & Herzegovina, Kuwait, UAE, China, Iraq, Morocco, Syria, Yemen, Libya, Romania and Hungary, including under the area of cooperation, the issue of AML/CFT.

88. As decided by the MER, signing international agreements for legal cooperation represents the framework and grounds upon which Jordan relies to provide legal assistance; Banks Law for 2000 included a provision on the Central Bank powers to exchange information with the entities approved by the Central Bank. Article (74/d) excluded the exchange of information on customers from the Banking Secrecy, with regard to any activities the Central Bank deems needed as being related to the safety of banking business, including between banks and the Central Bank and any companies or entities approved by the Central Bank to facilitate the exchange of information. The Central Bank signed a number of MOUs with Arab and Foreign Central Banks as well as with foreign non counterpart agencies. Article (23) of Securities Commission law includes the Commission's powers to provide any non Jordanian Securities Commission or a foreign entity regulating the Securities market and upon its request, with information on the licensed entities or assist them in any investigation they are conducting; the Commission may as well conduct itself the investigation for such purpose. Jordan is among the signatories countries to the IOSCO multilateral memorandum of understanding. The Commission signed also a number of MOUs with Securities Commissions for Arab and Foreign countries. The Insurance Commission signed MOUs with a number of Insurance commissions for Arab and foreign countries. The Ministry of Industry and Trade signed a memorandum of understanding with the European Union countries and addressed issues such as cooperation and exchange of information between Jordan and EU countries. Jordan signed as well MOUs with the Arab Republic of Egypt and the Lebanese Republic on cooperation with respect to the supervision of companies between both countries including exchange of information.

Deficiency 2: Absence of statistics showing international cooperation in the area of exchange of information.

89. Jordan provided statistics on the exchange of information with counterparts. The following table includes some of the statistics provided by the Unit concerning the exchange of information:

Request of Information from and to Counterpart Units

	2010	2011	2012	3/2013	Total
Request of Outgoing Information	18	41	25	3	87
Request of Incoming Information	21	16	11	24	72

90. Moreover, Jordan provided statistics on mutual legal assistance with regard to a number of international conventions, as follows:

Statistics on the judicial assistance received by the Jordanian authorities with respect to the United Nations Convention against Transnational Organized Crime:

Year	Crime	Type of assistance	Number
2010	Migrants smuggling	Conducting investigation	1
2011	Money Laundering	Request of information	1
	Fraud	Request of information	1
2012	Trafficking in human	Request of information	1

Statistics on the judicial assistance received by the Jordanian authorities with respect to Vienna Convention (Drugs)

Year	Crime	Type of assistance	Number
2010	Drugs	Interrogation and Request of information	1
2011	Drugs	Request of information	1

91. Moreover, Jordan provided statistics on mutual legal assistance with regard to the United Nations Convention against Corruption and the Arab Convention on Judicial Cooperation :

SR. I: Rating (NC)

Deficiency 1: Not fully implementing the International Convention for the Suppression of the Financing of Terrorism

92. Jordan addressed the deficiencies hindering the implementation of the International Convention for the Suppression of the Financing of Terrorism as it was previously mentioned that terrorist financing was criminalized in line with the international convention in this regard. Deficiencies relating to receiving reports on terrorist financing exclusivity by the Unit, requiring the financial and non-financial entities to report transactions suspected of related to terrorist financing and imposing dissuasive sanctions were also addressed.

Deficiency 2: Not setting other regulations or measures necessary to cover the requirements mentioned in the Security Council Resolutions with regard to the prevention and suppression of terrorist financing.

93. The Jordanian authorities completed the deficiencies relating to setting regulations or measures to cover the requirements mentioned in Security Council Resolutions. The amended law established the legal basis related to the implementation of these resolutions where Article (6/a/2) of law no. (46) of year 2007 and amendments thereto stipulated that the AML/CFT National Committee shall follow up with the competent entities to execute the obligations found in the relevant and international resolutions in force. Article (37/c) of the law stipulated that the Committee shall set the necessary instructions to execute the provisions of this law including the execution of the obligations found in the international resolutions according to the provisions of Article (6/ a/2). The National Committee issued instructions no. (1) of 2010 to execute the obligations found in the Security Council Resolution no. (1267) and issued instructions no. (2) of 2010 to execute the obligations found in Security Council Resolution no. (1373) and the other resolutions relevant to both resolutions thereof. The Committee held several meetings and adopted the lists issued by virtue of Security Council Resolution no. 1267 (1999) and other related resolutions, and discussed the draft guiding manual of such instructions, which was prepared by the Unit in coordination with the members of the technical committee; it includes the measures to be undertaken by the subjected entities whenever names are matching or similar and the grounds to identify assets of immediate and non-immediate, and how to deal with the

requests of the technical committee to freeze funds or economic resources or to lift the freezing and the measures taken by such entities whenever names are matching or similar. It discusses as well the issue of amending instructions no (1) related to resolution no. 1267 and relevant resolutions to be consistent with resolutions 1988(2011) and 1989(2011) as well as studying the draft guidance manual of instructions no. (1) in line with the 2 mentioned resolutions. The Committee also discussed the bases that should be adopted for the purposes of drafting a national list incorporating the names of terrorists and terrorist organizations according to UNSCR 1373 as well as establishing a practical mechanism to execute the provisions of instructions no. (2) in this regard.

SR. III: Rating (NC)

Deficiency 1: Absence of a legal system governing the procedures of freezing of funds and assets of persons whose names are on the list by virtue of Security Council Resolution no. 1267.

94. It was previously mentioned that Jordan established the legal basis to implement UNSCRs through the law no. (46) of 2007 and amendments thereto as Article (6/a/2) thereof stipulated that the functions of the AML/CFT National Committee included following up with the competent entities for purposes of executing the obligations found in the relevant and international resolutions in force. The AML/CFT National Committee approved instructions no. (1) of 2010 with regard to the execution of the obligations found in Security Council Resolution no. 1267 (1999) and other relevant resolutions. By virtue of these instructions, a Technical Committee was formed to implement Security Council Resolution no. 1267 (1999) and other relevant resolutions presided by the Ministry of Foreign Affairs, and with the membership of heads of the following departments or their deputies: legal department at the FIU, Ministry of Justice, General Intelligence Department, Public Security Directorate, Central Bank of Jordan, Department of Land and Survey, Jordan Customs and Companies Control Department. The instructions included the details related to freezing funds and economic resources without delay of the designated persons and designated entities or the funds of individuals and entities who act on their behalf, for their interest or under their direction including other funds and economic resources derived or produced from properties directly or indirectly owned or controlled by these persons or relevant entities. The instructions also indicated that freezing may extend according to the Committee's decision to include the funds of immediate and non-immediate and spouse of any of the designated persons if the Committee deems such justified. The instructions also stipulated the need to take into account the rights of bona fide third parties when executing its provisions. The mentioned instructions indicated the obligations of financial and non-financial entities to refer to the consolidated list when conducting any transaction or entering into a new relationship with a natural or legal person to ensure that none of them is among the designated persons or entities. Additionally, the financial and non-financial entities are required not to give any person or entity designated in the consolidated list or for the interest of either direct or indirect access to any funds or economic resources. The instructions set out the exceptional cases where the frozen funds and economic resources may be used in addition to other procedures. Work is currently being done to draft the instructions guidance manual. These guidance manual have not been issued yet.

Deficiency 2: Absence of effective laws and procedures to freeze funds and/or other terrorist assets of the persons designated by virtue of the Resolution no. 1373.

95. According to the abovementioned legal basis for the implementation of Security Council Resolutions in Article (6/a/2) of the law, the AML/CFT National Committee approved the instructions no. (2) of 2010 with regard to the obligations found in Security Council Resolution no. 1373 (2001). By virtue of these instructions, a Technical Committee was formed to implement Security Council Resolution no. 1373 (2011) and other relevant resolutions, presided by the Ministry of the Foreign Affairs and the membership of heads of legal departments or the like at the FIU, Ministry of Interior, Ministry of Justice, General Intelligence Department, Public Security Directorate, Central Bank of Jordan, Department of Land and Survey, Jordan Customs and Companies Control Department. These instructions set out the committee's functions and quorum for

its meetings and decision making. These instructions discuss as well how the Technical Committee drafts a list of the names of terrorists and terrorist organizations or any funds of the persons acting on their behalf, in their interest or under their direction including the funds and other economic resources derived or generated from properties directly or indirectly owned or controlled by such persons or their affiliates. The instructions required the Committee to circulate, without delay, to the regulatory, supervisory, and administrative and security entities to take the necessary measures to freeze funds and economic resources and examine the objections to the freezing measures and the need to take into account the rights of bona fide third parties. These instructions also addressed the obligations of financial and non-financial entities to refer to the list when conducting any transactions or entering into new relationship with any person to ensure that his/her name is not incorporated on the list in addition to the obligation of the financial and non-financial entities not to give any terrorist or terrorist organization on the list, direct or indirect access, to any funds or economic resources or for the interest of either. The instructions also addressed the role of the Technical Committee with regard to the measures that must be undertaken by the person or entity for de-listing purposes and providing the sanctions committee with any additional information about any of the designated persons or entities. No guidelines were provided to the financial institutions and the other persons and entities that may have the targeted funds and other assets in their possession with regard to their obligations in taking measures by virtue of the freezing mechanisms.

Deficiency 3: Absence of effective laws and procedures to study and execute the measures taken by virtue of the freezing mechanisms in other countries.

96. Instructions no. (2) of year 2010 indicated that the Technical Committee shall receive the requests received by the competent entities in the Kingdom from other countries with regard to freezing funds or economic resources of persons residing on their lands. The Committee shall examine these requests according to the procedures stipulated in the instructions. The Committee should complete examining the request within seven days as of receiving the request. In case of approval, the funds or economic resources will be frozen without delay according to the procedures set out in the instructions and the country which submitted the request will be notified of accepting or rejecting the request.

Deficiency 4: Absence of evidence on the effectiveness of the freezing procedures according to Security Council Resolutions.

97. The Jordanian authorities stated that lists of persons and entities indicated in the lists issued by UN Sanctions Committee should be circulated to all related entities to implement the procedures of freezing other funds and assets of such persons and entities. A closed account in the name of one of such persons was found and the balance of 3 accounts for 2 persons was frozen. The Ministry of Foreign Affairs informed the Permanent Representative of Jordan to the United Nations in New York of such procedures.

SR.V: Rating (NC)

Deficiency 1: Inadequacy of TF criminalization.

98. The Jordanian authorities addressed the deficiency related to this recommendation. Deficiencies related to TF criminalization (Article 3) were addressed with regard to providing, collecting, facilitating the obtaining or transferring funds in any form to the terrorist, terrorist organization, agency, association or group or for a terrorist act. The deficiencies related to TF dissuasive sanctions were also addressed as TF crime has become punishable by provisional hard labor for a period not less than ten years and a fine not less than JOD 100.000 while confiscating the funds and all instrumentalities used or intended to be used in the crime according to Article (24) of the law.

Deficiency 2: Presence of deficiencies in the scope of mutual legal assistance.

99. It was previously mentioned that law no. (46) of 2007 and amendments thereto addressed the legal basis governing the field of providing mutual legal assistance in AML/CFT. Article (22) thereof provided for the cooperation of the Jordanian judicial entities with non-Jordanian judicial entities and in particular with regard to assistance, letters rogatory and extradition of the accused persons and convicted as well as the requests of the non-Jordanian entities to trace, freeze or seize the funds, subject of the money laundering or terrorist financing crimes or their proceeds according to the rules set out by the Jordanian laws and bilateral or multilateral agreements ratified by the Kingdom or according to the principle of reciprocity. Article (23) of the law also stipulated that “the competent Jordanian judicial entities may order the execution of requests of competent non-Jordanian judicial entities to confiscate proceeds of money laundering or terrorist financing crimes according to the rules set out by the Jordanian laws and bilateral or multilateral agreements ratified by the Kingdom. Therefore, Jordan has widened the scope of mutual legal assistance to include forms of facilitating the appearance of persons to hear their testimony and statements and any form of mutual legal assistance through the legislative amendments introduced to the law or the ratification of the Arab AML/CFT Convention by law No. 20/2012 and the International Convention for the Suppression of the Financing of Terrorism. In general, Jordan addressed the deficiencies related to the non inclusion of the MLA for some forms of the legal assistance through the local legislations and ratification of the international and regional Conventions.

Deficiency 3: Absence of a mechanism to avoid delays in responding to mutual legal assistance requests.

100. It was mentioned above that the Jordanian authorities handle and execute the mutual legal assistance requests through the Public Prosecution. The Ministry of Justice refers the requests to the Public Prosecutor who in turn refer them to the attorney general to execute them according to the law. The authorities stated that the speed of executing any judicial assistance request relies on the nature of the request itself with regard to the information required and obtaining documents, statements of witnesses, seizure and inspection operations or delivering judicial documents which are usually delivered within a week of receiving them regardless of existence of bilateral or multilateral agreement.

Deficiency 4: The authorities’ reliance on dual criminality in providing mutual legal assistance even with regard to the less intrusive measures.

101. It was previously indicated that Jordan has ratified a set of international and Arab conventions which include a requirement to provide, to the best, legal assistance; Jordan has as well signed a number of bilateral agreements to provide mutual legal assistance. Jordan relies in providing MLA on articles (22 & 23) of law 46/2007 and amendments thereto, the international conventions ratified and the bilateral agreements signed with other countries in addition to follow the international courtesy rules in cases where no bilateral or international agreements exist with the country requesting such assistance even for less intrusive measures in the absence of dual criminality and in as much as it does not conflict with the Jordanian laws. Based on the foregoing, Jordan has taken some steps towards addressing the deficiency related to this recommendation.

Deficiency 5: Not setting adequate laws and procedures for prompt and effective response to the mutual legal assistance requests submitted by foreign countries when the request is related to properties of corresponding value.

102. It was previously indicated that Jordan has taken some steps towards enhancing the procedures of international cooperation with other countries; it addressed the legal grounds to provide forms of MLA within the scope of TF crime; MLA requests provided by non Jordanian judicial entities and related to tracing, freezing or seizure of funds, subject of TF crime. The Jordanian judicial entities

may order the confiscation of TF crime proceeds or funds of corresponding value when they fail to seize or execute them. Jordan has ratified a set of regional conventions and signed MOUs and memorandum of bilateral cooperation with some countries, which is considered by the authorities as implementation steps to MLA requests submitted by foreign countries whenever such requests are related to properties of corresponding value which is made based on the articles that enable the Jordanian judicial authorities to do so and based on the signed conventions and the international courtesy rules in the absence of any conventions with the requesting country.

Deficiency 6: Absence of special arrangements to coordinate the seizure and confiscation procedures with other countries.

103. Jordan joined and ratified a set of international, regional and bilateral conventions related to combating crimes, including ML/TF crimes as well as conventions and MOUs regulating the cooperation and coordination on security issues between Jordan and other countries to promote the tools required to combat crimes, trace and confiscate their proceeds, draw basis of cooperation with other countries. It is to mention that there are 24 bilateral agreements signed by Jordan until date of drafting this report.

F. Review of the measures taken in relation to the other Recommendations rated PC or NC.

R.6: Rating (PC)

104. Deficiencies relating to this recommendation were addressed through the law stipulating to undertake due diligence measures towards high-risk customers or transactions through a number of procedures such as putting in place AML/CFT risk management systems and classifying customers into categories according to the risk degrees, setting necessary procedures to deal with them and revising such classification periodically when changes occur that require so. Instructions to banks were also issued with regard to high-risk customers, which referred to the category of Politically Exposed Persons (PEPs) and the measures that must be taken in their regard. The instructions addressed to the exchangers also included adequate obligations in this area. The Jordanian authorities also informed that the regulatory and supervisory entities on the financial sector (Central Bank of Jordan, Securities Commission and Insurance Commission) conduct inspection visits to the financial institutions subject to their supervision to verify that the concerned financial institutions comply with AML/CFT instructions in all aspects including verifying that they determine whether the future client, client or beneficial owner belongs to any of the high-risk customer categories and including the same in the inspection report.

R.9: Rating (PC)

105. The instructions addressed to the securities companies and insurance companies completed the matter of reliance on third parties with adequate provisions.

R.11: Rating (PC)

106. Deficiencies related to this recommendation were addressed as the AML/CTF Law and the instructions issued to the insurance companies after being updated and re-issued stipulate the imposition of proportionate sanctions in case of violating obligations. The requirements found in the instructions addressed to the exchange companies also meet the requirements under R.11.

R.12: Rating (NC)

107. The amended AML/CFT law added the Designated Non-Financial Businesses and Professions (DNFBPs) to be addressed by the obligations of the law (although this was done indirectly with regard to the lawyers, legal professionals, accountants and company services providers). This was

followed by the issuance of instructions to the individuals or entities who deal in precious metals and precious stones⁵ as well as the individuals or entities who work in real estate trade and development⁶. The said instructions include broad obligations covering Recommendations 5, 6, 8, 10 and 11. In order to monitor the compliance of the designated non-financial businesses and professions with implementation of their obligations, the instructions issued to the jewelry sector and the real estate sector included that the accountants appointed by jewelry stores and real estate offices shall, in addition to their tasks, ensure that they comply with the provisions of the AML/CFT Law in force and provisions of these instructions, verify the extent of adequacy of the store's relevant policies and procedures and include the results in the annual report. No similar instructions were issued including obligations of lawyers, legal professionals and accounts and the company service providers in this field. However, the law included the activities that lawyers and accountants perform knowing that such activities may extend to include any person or entity that perform, on behalf of third parties, the works mentioned in article (13/b/3) of the AML/CFT Law in force. The law also stipulated the main obligations these entities are required to perform within the AML/CFT framework, which have been effective for these entities since 2010. The Jordanian authorities informed that in case of being issued, the instructions will elaborate such obligations.

R.15: Rating (PC)

108. The instructions issued to all the financial sectors included the requirement to establish adequate internal systems including AML/CFT internal policies, bases, procedures and controls including the presence of cadre or adequate mechanism to verify the compliance with provisions of the AML/CFT Law in force and such instructions and decisions issued by virtue of either. The exchange and securities companies were also required to establish internal policies to implement AML/CFT obligations and to provide independence to the compliance officer.

109. The instructions to exchange companies also included the stress on the employee qualification when hiring them without requiring them to put certain procedures for that purpose. The authorities informed that the Exchange Control Department will circulate among the exchange companies with regard to the qualification criteria of the employees in charge of executing remittances. However, it still remains to require the financial institutions (except banks) to set inspection procedures to ensure high efficiency criteria when recruiting employees.

110. The instructions issued to all the financial institutions stipulated the need to pay necessary attention to AML/CFT training. Practically, the Institute of Banking Studies held many AML/CFT training workshops for the employees of banks and exchange companies with the aim to introduce them to the international AML/CFT Recommendations and Standards as well as educating them about ML/TF techniques and trends in addition to the importance of notifying the AML/CFT Unit about the transactions suspected of involving ML/TF. In 2011 and 2012, the Institute of Banking Studies, held 8 training courses for the banking sectors and exchange companies where 179 people participated. The Institute also signed a Memorandum of Understanding with the Association of Certified Anti-Money Laundering Specialists (ACAMS). The Institute created a training program with the participation of 53 participants from various banking sector institutions to obtain the CAMS certificate: 32 passed the test and are CAMS certified. The Unit held bilateral meetings with the entities subject to the provisions of law. In 2011 and 2012, it met with the reporting officers of banks, exchange companies, financial brokerage companies, insurance companies, financial leasing companies and financial activity companies set out in the law in addition to gold and jewelry dealers and owners of real estate offices in the attendance of representatives from the monitoring and supervisory entities each in their own competence from the Central Bank of Jordan, Securities Commission, Insurance Commission, Ministry of Industry and Trade, Companies Control

⁵ AML/CFT instructions addressed to manufacturers and sellers of jewelry, precious metals and precious stones of year 2010.

⁶ AML/CFT instructions addressed to real estate offices of year 2010.

Department and Department of Land and Survey. The meetings aimed at reviewing the latest developments in the AML/CTF regime.

R.16: Rating (NC)

111. The law distinguished between the financial and non-financial institutions and included the real estate offices in the AML/CFT obligations, but no executive instructions were issued to lawyers and accountants. The law required all persons under its governance in general to comply with the reporting obligation about suspicious transactions. Accordingly, it is not clear that there is an explicit obligation to lawyers and accountants in this area. The authorities stated that the instructions when issued will set out in detail the obligations imposed on such categories.

112. The real estate and jewelry sectors were also required to establish AML/CFT systems, policies and mechanisms to ensure compliance with law requirements and instructions in this area. There are no similar obligations for lawyers and accountants.

113. With regard to designating the supervisory entities that ensure compliance of these sectors with their AML/CFT obligations, the responsibility of the Department of Land and Survey in its capacity as supervisory authority over the licensed real estate offices, is derived from the law regulating the land and survey professions and real estate offices. Director of the department has formed a committee to inspect the licensed real estate offices and verify the extent of their compliance with AML/CFT law provisions and instructions issued by virtue thereof. As well, articles were established by virtue of which the committee works and which were set out in the form of a schedule/table taking into consideration all issues that were set out in AML/CFT instructions in order for the Department to verify, as supervisory entity, that the offices are complying with such instructions. On the practical level, the Committee paid a visit to the Syndicate of real estate owners being the umbrella under which all owners of real estate offices gather to introduce them to the issues/items that will be evaluated. The committee conducted its activities and visited and inspected some real estate offices; which revealed that there is no full compliance and there are violations to AML/CFT instructions.

114. With regard to the Ministry of Interior (MOI), jewelry shops are subject to the regulatory and supervision to the MOI by virtue of instructions and licensed related thereto of year 2009 and its amendments; the Minister of Interior's approval is a pre-requisite to license such shops. They stipulate as well that by the Governor decision, a committee or more shall be established and presided by one of the administrative governors and 2 representatives from the competent authorities as members; this committee shall conduct inspections to the shops to verify their compliance, including examine the records, submit reports and recommendations required; the Minister may as well, according to the instructions, impose the following sanctions on the violating shops: warning to correct the violation within 1 month – cancel the banking guarantee – revoke the license.

115. More than a circular was issued to the Governors for the purposes of activating the role of inspection committees established by virtue of article 8 of the instructions on licensing jewelry shops for 2009 and amendments thereto to conduct inspections rounds to all such shops; As an example, we mention, a letter to the Minister of Interior on activating the role of the inspection committee. Such committees conducted supervisory operations and reports on violations were made. The statistics in Amman indicate that the committees conducted visits to all such shops and some violations were noted such as the absence of records on buyers and sellers; sanctions as warnings were issued.

116. The AML/CFT Unit drafted the necessary reporting form for jewelry manufacturing and selling stores and dealers in precious metals and precious stones and a reporting form for real estate offices in coordination with the competent supervisory entities (these forms were amended in 2011 to reflect terrorist financing). The Unit met with the syndicate of the jewelers and dealers in precious metals and precious stones and the real estate office owners syndicate in the presence of representatives from

the Department of Land and Survey with the aim to increase awareness about AML/CFT and the importance of reporting to the Unit about transactions suspected of involving ML/TF. The MOI launched in coordination with the Unit the preparations for a training session for the members of the inspection committees on the jewelry shops to increase their capacities and introduce the elements to be inspected and supervised as per the AML/CFT instructions issued to jewelry shops, dealers in precious metals and dealers in precious stones. The Unit prepared a leaflet including the Unit's powers and obligations of the entities subject to provisions of the law. The Unit distributed around 100.000 copies of this introductory leaflet in 2011 to all financial and non-financial institutions including real estate dealers and dealers in gold and jewelry in coordination with the competent supervisory entities on these sectors. Moreover, the jewelry and real estate sectors only were required to pay special attention when dealing with persons present in countries that do not have adequate AML/CFT systems.

R.19: Rating (NC)

117. The authorities informed that the central Bank conducted a study about the feasibility of requiring the financial institutions to report monetary transactions that exceed a certain amount. The study concluded that there is no need for that especially in light of requiring banks to pay special attention with regard to transactions exceeding JOD 20.000.

R.20: Rating (NC)

118. After amendment, the law indicated the possibility to broaden the scope of institutions or entities addressed by the obligations set out therein pursuant to decision from the Prime Minister after recommendation of the National Committee. However, until now, it does not seem that the need for that was made. On the other hand, the law provided for paying special attention with regard to high-risk cases and setting the relevant procedures including setting policies and measures to prevent the misuse of modern technology in ML/TF transactions.

R.21: Rating: (PC)

119. Some of the deficiencies in this recommendation were addressed as the instructions issued to all the financial sector institutions required paying special attention in the identification of customers and their activities with regard to the transactions conducted with persons belonging to or present in countries that do not apply or insufficiently apply FATF Recommendations. However, it does not seem that there are effective procedures in place to ensure informing the financial institutions about the concerns related to weaknesses in the AML/CFT systems in other countries. There also remains establishing adequate counter measures that can be taken towards countries that continue not to apply or insufficiently apply FATF Recommendations. With regard to enhancing the supervision on compliance, kindly see below R.23.

R. 22: Rating (PC)

120. The law required branches and subsidiaries of all financial institutions outside Jordan to comply with the law requirements imposed on the financial institutions inside Jordan as stressed by the instructions issued to them. However, there is a lack of explicit stipulation on exerting special attention in case of performing an activity in counties that do not apply or insufficiently apply FATF AML/CFT standards (except insurance and financial activities). The instructions issued to the financial leasing sector, the financial activities sectors and the insurance sector required (only) branches abroad and subsidiaries to apply the highest possible criteria when AML/CFT requirements are different in the host country. However, this obligation has not been circulated among all other financial institutions. The authorities informed that there are no branches abroad for the exchange and securities sectors.

R.24: Rating (PC)

121. After its amendment, the AML/CFT Law designated the non financial institutions subject to its provisions namely:

1. Individuals or entities dealing in real estate and its development.
2. Individuals or entities dealing in precious metals and precious stones.
3. Individuals or entities who, on behalf of third parties, do the following:
 - Selling and buying real estate.
 - Capital management or management of any other financial assets.
 - Management of bank accounts, mail savings accounts or investment accounts in the domestic and international financial markets.
 - The necessary legal procedures to establish or manage any legal person or buy or sell commercial stores.
 - Regulating stocks of establishing or managing companies.

It required the supervisory entities of these institutions to ensure their compliance with AML/CFT requirements in this regard by issuing relevant instructions. The AML/CFT instructions were issued for stores of jewelry manufacturers and dealers in jewelry, precious metals and precious stones in 2010.

122. In addition to the foregoing, and with regard to stores of jewelry manufacturers and dealers in jewelry, precious metals and precious stones, the Ministry of Interior issued more than a circular to the Governors for the purposes of activating the role of inspection committees established by virtue of article 8 of the instructions on licensing jewelry shops for 2009 and amendments thereto to conduct inspections rounds to all such shops; As an example, we mention, a letter to the Minister of Interior on activating the role of the inspection committees. Such committees conducted supervisory operations and reported violations. The statistics in Amman indicate that the committees conducted visits to all such shops and some violations were noted such as the absence of records on buyers and sellers; sanctions as warnings were issued.

123. The AML/CFT instructions for real estate offices were also issued in 2011. The Department of Land and Survey drafted an amended regulation for the Real Estate Offices regulation of 2012 and sent it to the Prime Minister. Penalties for violating any of the provisions of the AML/CFT instructions were added. An expert committee was formed pursuant to decision of Director of the Department of Land and Survey on 19/7/2012 to detect and monitor the extent of compliance of real estate offices with provisions of the Real Estate Offices Regulation and AML/CFT instructions for the licensed real estate offices and the AML/CFT law provisions and the instructions issued by virtue thereof. As well, articles were established by virtue of which the committee works and which were set out in the form of a schedule/table taking into consideration all issues that were set out in AML/CFT instructions in order for the Department to verify, as supervisory entity, that the offices are complying with such instructions. On the practical level, the Committee paid a visit to the Syndicate of real estate owners being the umbrella under which all owners of real estate offices gather to introduce them to the issues/items that will be evaluated. The committee conducted its activities and visited and inspected some real estate offices; which revealed that there is no full compliance and there are violations to AML/CFT instructions.

124. On the other hand, the procedures and measures taken in relation to the persons or entities who act on behalf of third parties such as lawyers and legal accountants and how to monitor them for AML/CFT purposes were not clear.

R.25: Rating (NC)

125. Deficiencies relating to this recommendation were largely addressed as an AML/CFT guide was issued for each of the following sectors: banks, exchange companies, insurance companies, and securities companies, trade of jewelry, precious metals and precious stones. A guide was also issued

to licensed real estate offices. Moreover, an AML/CFT guide was issued to financial leasing companies. The Unit also cooperated with the Companies Control Department in drafting a guide in 2012 to help entities in the financial activities sector identify AML/CFT stages and most important indicators through which they can detect transactions suspected of involving money laundering or terrorist financing. The guide was circulated among these entities.

126. The Unit incorporated the statistics on the reports with regard to the number and reporting entity under the Unit's annual report for the years from 2007-2011. Moreover, the Unit's annual reports for 2009 and 2012 included some reported cases, which reveal to the subjected entities the techniques and tools used in these cases. Through its website, the Unit created a page on typologies containing links to FATF, MENAFATF and Egmont Group websites with regard to the typology papers issued thereby for ease of access by the subjected entities as a reference to identify ML/TF techniques, methods and trends. The Unit also drafted a guide on filling out the reporting forms to assist the subjected entities in filling out forms when suspecting money laundering or terrorist financing.

R.27: Rating (PC)

127. The authorities informed that the competent entity to look into the cases related to terrorist financing is the Public Prosecution in the State Security Court as the Terrorism Prevention Law no. (55) of 2006 defined the Public Prosecutor as the Public Prosecutor of the State Security Court, who is competent to investigate terrorism crimes including terrorist financing cases. This was actually done in the case through which four suspects were brought to justice on the charge of collecting funds for a terrorist organization and group for purposes of using them in terrorist acts in collaboration while knowing about such organization or group. With regard to specialized and practical training of the personnel in the law enforcement and prosecution sectors, many workshops were held for the judges and public prosecutors especially in the field of ML/TF investigative techniques. About 800 persons were trained including judges and public prosecutors and from the law enforcement entities by the Office of Technical Assistance in the US Department of Treasury (as part of the United States grant program to the Jordanian Government with regard to law enforcement) during 2009 and 2010. A number of public prosecutors and judges participated in the years from 2010-2012 in a number of workshops in the field of investigative methods in ML/TF crimes and financial analysis techniques. The U.S. Department of Treasury and the United States Department of Justice were visited in January 2011 to view the U.S. experience in the field of investigating ML/TF crimes. Moreover, a training session on "investigation and prosecution in ML cases" is being organized for judges and public prosecutors, including public prosecutors at the Public Security Directorate, General Intelligence Department, State Security Court, Anti Corruption Commission and the Customs Authority in cooperation with the World Bank and AMLU to be held from 5 to 8 May 2013.

R.30: Rating (PC)

128. The Jordanian authorities supported their human and technical resources since the adoption of the MER with a reasonable degree by increasing the employees in some entities and providing them with AML/CFT training. However, there is still a need to provide more resources and training especially in the sectors recently regulated for AML/CFT purposes and the non-financial sectors in particular.

129. Concerning the Ministry of Trade and Industry/Finance Leasing, the human resource were increased at the Companies Control Department in 2011 to reach a total of 168 compared to 165 in 2010; there are 18 employees delegated from different departments and 19 trainees with the increase of the budget of the Companies Control Department in 2012 amounting to JOD 1,077,000 compared to JOD 1,036,000 in 2011. In 2013, the vacancies for an IT Manager and legal researcher were announced with a view to increase the effectiveness of legal and financial supervision on the

companies in addition to an auditor who is required to report any violation of AML/CFT instructions related to finance leasing companies of year 2011 and any violation to the Company's Act.

130. Following the audit conducted on the companies, since 2012, a number of companies were referred to the Public Prosecutor as follows: (20) shareholding companies for failing to register the lands in their name, (30) shareholding companies for breaching articles (136) and (150) on the membership to the Board of directors, (40) shareholding companies for breaching article 169 by failing to hold a general assembly at the scheduled time and referring (1) company for violating article (191) for failing to distribute profits to shareholders and referring (2) shareholding companies for violating articles (75) bis, (78) bis, referring (1) shareholding company for auditor violating article 203 and referring (25) audit reports to companies. Further, (5) shareholding companies were referred to the Commission on Anti Corruption based on the reports of audit committees.

131. With regard to the Department of Lands and Survey, it has coordinated with AML/CFT unit on training owners of licensed real estate offices and holding together meetings and workshops. The employees of the Department working in AML/CFT were increased. Guiding brochures were distributed to the owners of real estate offices and made available at the registration departments to define ML operations. The Department of Lands and Survey has also published announcements through the electronic means, to owners of real estate offices on the requirement to respect the regulation of real estate offices no. 53 of year 2001 and AML/CFT instructions for the real estate offices for year 2011; The Department will take legal measures provided for in article 16 and article 15 of the regulation and articles 24 and 25 of AML/CFT law on the violators.

R.31: Rating (PC)

132. The AML/CFT National Committee established according to Article (5) of law no. (46) of 2007 and amendments thereto and Presided by the Governor of the Central Bank is deemed the competent authority to draft AML/CFT policies and set the plans necessary for their execution. The National Committee meets periodically every three months or as necessary where possibilities and mechanisms for national cooperation among the entities represented in the committee are discussed. The Committee facilitates any difficulties facing the Unit in obtaining information from the concerned entities. It also keeps pace with the latest developments related to the AML/CFT regime at the international level. On the other hand, the Unit signed a number of MOUs with the aim to coordinate between the Unit and the competent authorities in the AML/CFT field. The Unit signed MOUs with the Central Bank, Insurance Commission, Securities Commission and Public Security Directorate. In the framework of enhancing the Unit's work, the Unit was linked electronically to the database of the Civil Status and Passports Department and database of the Companies Control Department which should make it easy for the Unit to perform its tasks in verifying the persons in the report about transactions suspected of involving ML/TF. The Unit also established a mechanism to coordinate the exchange of information with the Department of Land and Survey to provide the Unit with information to verify the source of funds of suspicious persons within short time. The Unit also set mechanisms to share information with Jordan Post and Jordan Telecom (JTEL) allowing the exchange of information with these entities within short time. The Unit issued instructions no. (1) of 2012 about the methods to be used in providing the supervisory entities and other competent entities with any data or information available in the Unit's database.

R.32: Rating (NC)

133. The Jordanian authorities provided a number of statistics related to a number of aspects of the AML/CFT regime which indicate that useful statistical information is available especially with regard to some supervisory entities. However, there is still a need for more regulation on obtaining sufficient statistical information and providing it regularly and in detail to assist in reviewing the effectiveness of the AML/CFT regime.

R.33: Rating (PC)

134. The authorities informed that the Companies Control Department obtains a signed declaration from partners when registering any company stating that the signing partner is the true beneficial owner of the shares registered in the company. The General Controller of the Companies issued in January 2010 a circular by virtue of the Companies Act provisions in force and which grants him the powers to request any additional information implementing the Companies Act in force; To that circular, a declaration form was enclosed and which requires rejecting any request of company registration and/or assignment of shares unless the shareholders or the applicants have signed the declaration form by virtue of which the partner or shareholder declares that any of them is the beneficial owner and/or true owner of the shares in the company, subject to legal prosecution if otherwise established. The authorities stated that the approach followed by the Department in the ongoing supervision contributes in verifying the extent of veracity of the declaration referred to, for example: controlling the attendance of the true partner to all board meetings and voting to the decision – through audit committees that inspect and verify the adequacy of the company papers and books – verify the compliance with the obligations of article (71) and 98/a of the Companies Act in place; both articles required the companies to maintain one register or more where all data and information on the names, nationalities, titles, shares of the shareholders and any other modifications or assignment of shares that may occur, as the case may be.

135. The authorities stated that the Companies Control Department and in addition to the requirement of signing a declaration on the beneficial owner from the partners of the companies registered therewith, it will add the declaration form to the incorporation acts and by-laws as an integral part. The Department is studying and analyzing the annual financial statement of the companies in line with the international audit standards; the law requires the auditor of the company to declare any violation to the law and regulations in force including any ML or TF suspicions. He should show such violations in the annual report for the purposes of approving the financial statement; otherwise, he shall be subject to legal prosecution. Audit includes all forms of money companies regardless of their purpose except banks and insurance.

136. The authorities informed that whenever there is inaccurate information, the submitter of such data will be referred to public prosecutor for breaching the Companies Act as per articles 279 and 282 which both provide for the penalty ranging between JOD 100 to 10,000.

R.38: Rating (PC)

137. Law no. (46) of 2007 and amendments thereto gave power to the Jordanian judicial authorities to cooperate with non-Jordanian judicial entities in relation to assistance, letters rogatory and extradition of the suspects and convicted as well as requests of non-Jordanian entities for tracing, freezing or seizing funds in money laundering or terrorist financing crimes or their proceeds according to the rules determined by the Jordanian laws and bilateral or multilateral agreements ratified by the Kingdom or according to the principle of reciprocity without prejudice to rights of bona fide third parties. The Ministry of Justice also established an independent directorate concerned with international cooperation headed by a judge and assisted by a number of employees specialized in international cooperation matters. Jordan also ratified the Convention on Extradition of Criminals and Convention on Mutual Legal Assistance with France. It is noteworthy that Jordan has taken some special arrangements with a number of countries and entered into cooperation and coordination agreements on combating crimes. The matters addressed by such agreements include among others the issue of coordinating seizure and confiscation procedures while the authorities did not provide evidence on considering the establishment of an asset forfeiture fund in which all or a portion of confiscated properties will be deposited. It is worth to mention that Jordan provided a set of statistics. (See R. 40).

Statistics on the judicial assistance provided by the international courtesy

Year	Crime	Type of assistance	Number
2011	Tax evasion	Request of information	1
	Fraud	Request of information	1
2012	Non declaration of financial interests for foreign banks	Request of evidence	1
	Tax evasion and ML	Request of information	1
	Fraud	Request of information	1
	Fraud, distortion, forgery and ML	Request of evidence	1
	Fraud	Request of information	1
2013	Fraud	Execution of judgment	1
	Embezzlement and forgery	Execution of judgment	1

SR.VI: Rating (PC)

138. Deficiencies relating to this recommendation were addressed as the AML/CFT instructions for the exchange companies were amended. Article (5) of the instructions tackled the obligations of the exchanger with regard to outgoing or incoming remittances or if he is an intermediary in the transfer operation with regard to provision of complete data and information, evaluating the risk degree in case of incomplete data and information of incoming remittances and providing the official authorities and transfer entities with the duly required information.

SR.VII: Rating (PC)

139. Deficiencies relating to this recommendation were addressed as the instructions issued to banks required that the agreement signed between the bank and its external auditor include an obligation to the auditor to ensure that the bank applies such instructions and extent of adequacy of the bank's relevant policies and procedures and to include the results in his report submitted to the management while notifying the Central Bank immediately upon detecting any violation to these instructions. In 2011 and until end of March 2013, the Central Bank of Jordan/Banking Supervision Department was furnished with 24 reports from external auditors relating to 19 banks with regard to verifying the extent of adequacy of banks' policies and procedures in applying the abovementioned instructions. The reports were examined and relevant banks were addressed about the violations or remarks in the reports to work on rectifying them. In addition, the Central Bank of Jordan verified and monitored the banks' procedures with regard to rectifying the violations and remarks found in the external auditor's report through onsite inspection teams. The Central Bank of Jordan was also provided with evidence that the external auditor of 7 other banks conducted audit operation and that the reports are underway. A letter from the Governor of the Central Bank was also circulated to operating banks in 2012 about ensuring the need of compliance with provisions of the abovementioned instructions and providing the Central Bank of Jordan with the external auditor's reports as soon as they are completed. Additionally, the instructions issued to exchange companies required the bank to include in the contract signed with the legal accountant the requirement to apply such instructions and evaluate the extent of adequacy of the bank's policies and procedures related to AML/CFT and to include the results in his report and reporting the same to the Central Bank as soon as the certified accountant detects any violation to these instructions.

140. Additionally, after its amendment, the law set out the penalties arising from violation of any of the provisions of this law, regulations, instructions or decisions issued by virtue thereof where the law did not stipulate a penalty related thereto. The law stipulated that the violator shall pay a fine not less than JOD 1000 and not exceeding JOD 10.000 and to double the fine in case of recurrence of the violation. If the violation occurs more than twice, the maximum fine shall apply.

SR.VIII: Rating (PC)

141. Jordan issued the Associations Law no. (51) of 2008 which was amended in 2009. In execution of this law, a set of regulations were issued such as the “Regulations of Private Societies” of 2010, “Regulations designating the Provisions of Societies By-Laws” of year 2010, “Instructions of the Competent Ministry of Societies” of year 2010 and the Instructions on Societies expenditure and support from the Support Fund Instructions of year 2011. Based on Article (4) of the law, the associations’ register was created. A board of directors is in charge of managing this register chaired by the Minister of Social Development and having its members as the Secretary General of the associations’ register and a number of representatives from the competent authorities and voluntary sector. The Ministry designated by the board of directors of the associations’ register as a competent ministry shall be in charge of supervising and monitoring the associations unlike the former law where the supervision task on the associations was limited to the Ministry of Social Development. The new law also included explicit legal provisions pertaining to financing whether local or foreign financing and set restrictions thereon with regard to financing, its goal, aspects of expenditure and procedures that must be followed in this regard. The main regulations for associations was also issued and which require the associations to take due diligence measures to identify the donors and beneficiaries as well as informing the general registrar promptly of any transactions suspected of being relate to ML or TF.

142. The new law also widened the scope of entities that supervise and monitor the works and activities of associations making the various ministries competent to monitor and supervise their associations and their works in addition to the inspectors and internal supervision units in the ministries as well as the social researchers who make up more than 110 employees distributed on 42 social development directorates in various parts of Jordan. Article 31(b) of the adopted by-laws of Societies provided for keeping records of the local, regional or international financial transactions they conduct so that they include sufficient data to identify such transactions and to keep these records and relevant documents, data and information for at least five years from the date of completing the transaction or terminating the relationship with the association as the case may be and to update such data periodically.

143. On the training level, specialized investigation and audit committees from the Ministry employees conducted many onsite visits where 137 inspection onsite visits to associations were conducted in 2010 and 163 in 2011. The Societies’ Register Department organized 3 training workshops in March with 75 participants about the work of associations and the role of the competent ministries and social development directorates in monitoring and supervising the competent associations as well as supervising them on the administrative and financial level. AMLU was granted a larger time period at the workshops to talk about its work and the legislations it seeks to implement. A part of the training was also allocated to charities and non-supervisory entities on charities with regard to AML/CFT within the draft on technical assistance submitted to MENAFATF in 2010. The Ministry of Social Development brought 88 employees in many of the training programs in 2011 and the Secretary General of the Associations’ Register in addition to one of the Unit’s employees participated in the experts’ meeting entitled “Misuse of Non-Profit Organizations in Terrorist Financing Operations” which was held in January 2011 in London by the Counter-Terrorism Committee Executive Directorate (CTED). In cooperation with MENAFATF and UK Charity Commission, AMLU held a regional workshop in December 2011 entitled “Towards Good Governance of NPOs and Compliance with SR. VIII”. A number of the regional countries in addition to employees from the Ministry of Social Development, the Associations’ Register and the Ministry of Interior in charge of monitoring and supervising the non-profit organizations took part in the workshop. In 2012, the Ministry of Social Development also delegated 37 employees in miscellaneous training programs. Representatives of the governmental entities and Jordan NPOs participated in the “Regional Working Group meeting for the UN international initiative on

preventing the misuse of the nonprofit sector in terrorism financing” held in Doha from 15 till 17/1/2013.

SR.IX: Rating (NC)

144. The scope of the regulation adopted in cross-border cash transfer was expanded to include terrorist financing. The declaration system applied by Jordan has included terrorist financing in addition to money laundering. Moreover, Article (21) indicated that in case of suspicion about presence of a transaction involving money laundering or terrorist financing, the Customs Department refers the possessor of the funds to the Public Prosecutor and notifies the Unit of the procedures taken in all cases. Jordan activated the declaration system by issuing instructions no. (4) of 2011 with regard to declaration of cross-border funds. The National Committee approved the maximum limit of transferred funds which does not require the holder to declare the amount of JOD 15.000 or its equivalent in foreign currency. It also approved the declaration form for cross-border cash for travelers entering Jordan. It is noteworthy that the declaration system followed by Jordan remains applicable to travelers entering Jordan but does not apply to travelers leaving Jordan.

145. Article (21) of law no. (46) of year 2007 and amendments thereto stipulated the right of the Customs Department in case of non-declaration of cross-border cash or in case of giving false information about it to question the cash carrier about the source of funds in his possession and the purpose of their use. Instructions no. (4) of year 2011 also included that the Customs Department should verify that the money is not counterfeited if there is any information or there are any doubts related thereto in coordination with the competent security entities and should ask the traveler to show the purchase invoice concerning precious stones and precious metals proving their ownership. Jordan also amended the penalty for false disclosure or non-disclosure so that the violator shall be punished by a fine not exceeding 10% of value of the undisclosed funds or in case of giving false information and the fine shall be doubled in case the violation recurs. If the violation is repeated more than twice, the maximum fine shall apply. Funds will be confiscated if the crime was related to terrorist financing. The authorities revealed that there is almost daily coordination, discussion and exchange of information between AMLU and the Customs Department with regard to seizure cases or cases where judicial decisions were issued. AMLU also investigates persons for the benefit of Customs Department. The instructions no. (4) of the 2011 stipulated that the Customs Department shall prepare a database including all data found in the declaration forms on cross-border cash transfer. The authorities informed that work is underway to link AMLU with the database of the Customs Department.

146. Jordan submitted the following statistics:

Customs Department
Statistics on the Cross-Border Cash Transfer Declarations Filled out in 2012
From 1/1/2012 to 31/12/2012

Customs Center	Number of Declarations	Total Declarations in JOD
Aqaba Customs	1	45000
Ar Ramtha Customs	3	103950
Al Omari Customs	24	747520
Al Karama Customs	146	371028933
Al Modawara Customs	31	1362638
Passengers Airport Customs	1272	1699248956
Jaber Customs	159	21148170
King Hussein Bridge Customs	55	6992317
Amman Civil Airport - Marka	2	63212
Jordan Valley Crossing	13	1091893
Total	1706	2101832592

Customs Department
Statistics on the Cross-Border Cash Transfer Declarations Filled out in 2013
From 1/1/2013 to 23/3/2013

Customs Center	Number of Declarations	Total Declarations in JOD
Aqaba Customs	--	--
Ar Ramtha Customs	--	--
Al Omari Customs	1	27405
Al Karama Customs	52	29581480
Al Modawara Customs	4	131527
Passengers Airport Customs	115	118459872
Jaber Customs	25	7103912
King Hussein Bridge Customs	--	--
Amman Civil Airport - Marka	--	--
Jordan Valley Crossing	2	87498
Total	199	155391694

Customs Department
Cross-Border Cash Transfer Declaration for the Years 2010- 23 March 2013

Year	Number of Declarations	Total Declared Amounts	Cases Referred to Amman Public Prosecutor			
			No. of Non-Disclosure Cases	Value of Non-Declared Amounts	Value of Imposed Fine	Referred Cases due to Suspicion of ML/FT
2010	983	903348076 Dinars	11	1509617 Dinars	33487 Dinars	1
2011	916	418830618 Dinars	21	2232080 Dinars	47588 Dinars	None
2012	1652	2101832592 Dinars	19	2729628 Dinars	118129 Dinars	None
2013	199	155391694 Dinars	4	442138	Under Investigation	
Total	3804	3579402980 Dinars	55	6913463 Dinars	199204 Dinars	