

Money Laundering and Terrorist Financing Risk
Assessment of Legal Persons and Legal Arrangements in
Jordan

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1. Introduction

1.1 Overview of the Assessment Process and background

Legal persons and legal arrangements play an essential and legitimate role in the economy of every jurisdiction, as they are useful tools of commercial and entrepreneurial activities. However, these same characteristics also make them, under certain conditions, attractive to criminals who may wish to use them as vehicles for illicit purposes misused for ML purposes involving complex operations and transactions, where money from illicit sources may be made to appear legitimate. Furthermore, it may be misused for TF purposes, by channelling legitimate funds to support terrorist activities or groups.

In general, the lack of adequate, accurate and up-to-date beneficial ownership information facilitates ML/TF by disguising the identity, the purpose and the source or use of funds or property associated with corporate vehicle, which are most vulnerable when their characteristics or their structure create obstacles in identifying the beneficial owner (BO) or their purpose. It is therefore important in order to reduce the misuse of legal vehicles to promote a transparent corporate environment from a ML/TF perspective, and to understand risk and design appropriate mitigation measures to deter and prevent the possibility of criminals misusing legal persons and legal arrangement.

Jordan is committed to take the necessary steps required to improve its Anti-Money Laundering and Counter-Terrorism Financing (AML/CFT) regime. It follows from this commitment, the Kingdom has introduced important initiatives to strengthen the oversight and monitoring mechanisms for its AML/CFT framework, including acquiring key technical support from the European Commission on money laundering and terrorist financing risks to deter and prevent the possibility of criminals misusing legal persons and legal arrangements.

This is the first risk assessment by Jordan to identify and assess the nature of the activity and level of Money Laundering (ML) and Terrorism Financing (TF) risks relating to legal persons and legal arrangements and comes in line with the national efforts made to meet one of the recommendations of the Second Mutual Evaluation Report of Jordan published in 2019¹, following the recommendations 1, 24 and 25 of the FATF² International Standards. This risk assessment was based not only on the outcomes of the Second Mutual Evaluation Report of Jordan, but also the results of The National Risk Assessment of Jordan on Money Laundering and Terrorism Financing (NRA)³ which forms the foundation to ensure on-going understanding of the country's risks and circumstances to inform appropriate policy response. It also makes use of a methodology for risk assessment of legal persons and legal arrangements adapted and adjusted to Jordan's need that was already used by one of the EU countries.

The main aim of this risk assessment is to identify and assess the nature of activity and level of ML and TF risks in respect of legal persons and legal arrangements, and to use the results to assist:

1. Both the public and private sector to enhance transparency and prevent criminal misuse of legal persons and legal arrangements.
2. Competent authorities⁴ to understand ML and TF risks associated with legal persons and legal arrangements and consider the results of the risk assessment of LP/LA in their supervision approach
3. Obligated entities⁵ to enhance their procedures of identifying and assessing ML/TF risks associated with legal persons and legal arrangements and put in place appropriate due diligence measures when engaging with legal persons.
4. Competent authorities to provide international cooperation and exchange of information in relation to beneficial ownership.

As a starting point, a preliminary analysis was carried out about which legal persons and legal arrangements or legal persons similar to trusts exist in Jordan and should be taken into account for this assessment. Therefore, it turns out that the risk assessment process should require a multi-agency approach in order to gather all relevant statistical data, perform proper legal analyses and include case studies.

Thus, the National Anti Money Laundering and Counter Terrorist Financing Committee has designated a team consisting of the Anti Money Laundering and Counter Terrorist Financing Unit, the Central Bank of Jordan and the Companies Control Department

¹ Jordan's Second Mutual Evaluation Report published on 2019 can be found on the Anti Money Laundering and Counter Terrorist Financing Unit's website and also on the Middle East and North Africa Financial Action Task Force (MENAFATF)'s website.

² The Financial Action Task Force (FATF) is an inter-governmental body established in 1989 by the Ministers of its Member jurisdictions. The FATF Recommendations set out a comprehensive and consistent framework of measures which countries should implement in order to combat money laundering and terrorist financing.

³ The National Risk Assessment of Jordan on Money Laundering and Terrorism Financing (NRA) is available on the Anti Money Laundering and Counter Terrorist Financing Unit's official website.

⁴ Competent authorities refer to Article (2) of Anti Money Laundering and Counter Terrorist Financing Law No. (20) of 2021, that are Supervisory and Regulatory entities.

⁵ Obligated entities are Financial institutions and Designated Non-Financial Businesses and Professions refer to Article(2) of Anti Money Laundering and Counter Terrorist Financing Law No. (20) of 2021, that are Reporting entities.

to be in charge of coordinating the process. In addition, a task force has been formed from all relevant competent authorities to be in charge of the risk assessment of legal persons and legal arrangements, which consists of representatives from:

- Companies Control Department. (CCD).
- Anti Money Laundering and Counter Terrorist Financing Unit. (FIU).
- Central Bank of Jordan. (CBJ).
- The Jordanian Group for Free Zones and Development Zones.(JFDZ)
- Ministry of Social Development /Associations Register.
- Jordan Securities Commission (JSC).
- Jordan Cooperative Corporation
- Ministry of Local Administration/ Reconstruction Institutions affiliated with the Municipalities.
- Ministry Of Awqaf and Islamic Affairs and Holy places.
- Directorate of Central Trade Registry.
- Aqaba Special Economic Zone.

Moreover, the law enforcement authorities in particular Judicial Council, Public Security Directorate, Integrity and Anti-Corruption Commission, and Income and Sales Tax Department were also involved in the process, as part of the risk assessment in order to identify patterns/trends in ML/TF amongst the various types of organized crime groups for misusing certain legal forms.

This risk assessment benefited immensely from the experience of the registrars analysis and review of available information to identify and assess the ML/TF risks in relation to legal persons and legal arrangements. The assessment started by the mapping of the legal persons and legal arrangements by identifying legal persons, trust and legal arrangements or legal persons similar to trusts exists in Jordan with relevance to the risk assessment. Therefore, a presentation detailing the legal persons and arrangements identified, as well as their functioning, will be included in the risk assessment: general context (existing registers, responsible authorities), (explanation of LP/LA: establishment, registration, objectives, representatives and business activities, governance rules, transfer of ownership, beneficial owners) and the available statistic data were analysed to identify the categories of legal persons and legal arrangements in scope. (Refer to section 2.1/ Legal Entities within Scope of the Assessment below) which shows the list of legal persons and legal arrangements that were considered as relevant.

After that a risk assessment methodology for Jordan was developed, adjusted to the needs of Jordan and was finalized. Then a detailed assessment for each type of legal persons and legal arrangements within the scope was prepared using Statistical data gathered from registers and/or qualitative legal analysis of different aspects and actual threat on the basis of observed cases and typologies arising and drafted the results of the assessments in the Jordan risk assessment template and precisely during this activity all legal persons and arrangements within the scope were assessed and calculation of an overall risk for each relevant legal form was computed.

Then, the results of the risks assessment including recommendations were checked across all legal vehicles, verified and agreed by all relevant competent authorities in a final workshop held on February 20, 2023. Finally, the results of Jordan national risk assessment of legal persons and legal arrangements were presented and approved by the National AML/CFT committee.

The findings of the risk assessment were disseminated through outreach to Supervisors, Registrars, Public Authorities, Law Enforcement and Judiciary Authorities and obliged entities in order to increase the understanding of risks related to legal persons and legal arrangements. Most importantly, threat scenarios were communicated and recommendations for a future improvement of the measures preventing money laundering and terrorist financing were explained. With this, measures described in the Jordan National risk assessment it should be ensured that the risk is minimized and the misuse of legal persons and legal arrangements for money laundering and terrorist financing is prevented.

2 Methodology of Assessment

Jordan used a leading-edge methodology of legal form-specific risk analysis, which assesses threat, vulnerability and risk mitigating measures on the level of each relevant legal person or legal arrangement and this methodology is in line with FATF recommendations requirements. The risk assessment of legal persons and legal arrangements of Jordan project was supported by a technical assistance from European Union Global Facility “EUGF”.

A number of source documents such as the FATF Guidance on Money Laundering and Terrorist Financing Risk Assessment⁶, the FATF Guidance on Transparency and Beneficial ownership⁷, FATF Guidance on Money Laundering and Terrorist Financing Risk Assessment⁸, and Best Practices on Beneficial Ownership for Legal Persons⁹ were all used as the foundation for this methodology to define the elements to be considered for Jordan’s risk assessment for legal persons and legal arrangements.

In addition, it was analyzed if the requirements of Recommendation 24 and 25 are fulfilled with regard to each type of legal person or legal arrangement existing in the country.

Recommendation 1 states that Countries should identify, assess, and understand the money laundering and terrorist financing risks for the country, and should take action, including designating an authority or mechanism to coordinate actions to assess risks, and apply resources, aimed at ensuring the risks are mitigated effectively. This national risk assessment is the basis of the application of the risk-based approach (RBA). Where countries identify higher risks, they should ensure that their AML/CFT regime adequately addresses such risks. Where countries identify lower risks, they may decide to allow simplified measures for some of the FATF Recommendations under certain conditions

According to Recommendation 24 (Transparency and beneficial ownership of legal persons), measures are described with regard to ensure transparency.

According to Recommendation 25 (Transparency and beneficial ownership of legal arrangements), measures need to be implemented to ensure transparency with regard to legal arrangements.

Threat and vulnerability levels after gathering data, analyses and case studies were assessed for calculation of the risk rating for all scenarios together on the level of each relevant legal person or legal arrangement after taking the effect of the risk mitigation in place into consideration.

Therefore, Jordan assessed all types of legal persons and legal arrangements within the scope starting by assessing the threat level according to scenarios, vulnerabilities and risk mitigating measures that were all assessed and results of their assessments were outlined in the Jordan risk assessment report. In the end the summary of results of LPs / LAs Risk Assessment shows that LPs / LAs in Jordan have been identified as posing medium to low ML/TF residual risk.

⁶ The FATF (2013), FATF Guidance on Money Laundering and Terrorist Financing Risk Assessment, Paris, https://www.fatf-gafi.org/media/fatf/content/images/National_ML_TF_Risk_Assessment.pdf

⁷ FATF (2014), FATF Guidance on Transparency and beneficial ownership, Paris, page 13, <https://www.fatf-gafi.org/media/fatf/documents/reports/guidance-transparency-beneficial-ownership.pdf>

⁸ FATF (2013), FATF Guidance on Money Laundering and Terrorist Financing Risk Assessment, Paris, https://www.fatf-gafi.org/media/fatf/content/images/National_ML_TF_Risk_Assessment.pdf

⁹ FATF (2019), Best Practices on Beneficial Ownership for Legal Persons, Paris, page 13, <https://www.fatf-gafi.org/media/fatf/documents/best-practices-beneficial-ownership-legal-persons.pdf>

2.1 Legal Entities within Scope of the Assessment:

| Name | Description | Register | Number as of 31-12-2021 | Type |
|-----------------------------|--|--|-------------------------|------|
| Limited Liability Company | <p>-The name of the Limited Liability Company shall be derived from its objectives provided that it is followed by the words: "with limited liability", which can be abbreviated by the letters "L.L.C."</p> <p>-The Limited Liability Company is composed of one person or more (Natural or legal Person).</p> <p>-The Partner's Responsibility is limited to his share in the capital of the company.</p> <p>- The company of this type practice all main business activities; some of activities require a prior approval by the concerned sectorial authorities.</p> <p>-The company's law determines a minimum capital JOD (1). provided that effective legislations shall be taken into consideration upon registration if certain objectives require certain capitals.</p> <p>-Identification of the list of signatories in accordance with the minutes of meetings as per type of management (managers committee or the general manager).</p> | Companies Control Department & Jordan Free and Development Zones Group | 52455 | LP |
| General Partnership Company | <p>-The name of the company should be derived from the names of all partners or from their nicknames, surnames or from one name or more of them or nickname provided a phrase of "and co." to be added to their names.</p> <p>-Number of Partners shall consist of a number of natural persons, not less than two and not more than 20, unless the increase is due to inheritance.</p> <p>-All partners are General Partners, which shall be liable for the company's debts and obligations during his partnership and such liability includes his personal properties.</p> <p>- The company of this type practice all main business activities, some of activities require a prior approval by the concerned sectorial authorities.</p> <p>-The company's law did not determine a minimum capital provided that effective legislations shall be taken into consideration upon registration if certain objectives require certain capitals.</p> <p>-The company's memorandum of association, shall specify the names of partners authorized to manage and sign on its behalf and their powers.</p> | Companies Control Department & Jordan Free and Development Zones Group | 67643 | LP |
| Limited partnership Company | <p>-It consists of two teams of partners: joint partners and limited partners.</p> <p>-The name of a Limited Partnership Company shall only consist of the names of the general partners. If there is only one general partner in the company, then the phrase (and partners) must be added to his name.</p> <p>-Number of Partners shall consist of a number of natural persons, not less than two and not more than 20, unless the increase is due to inheritance.</p> <p>-General Partner: the partner shall be liable for the company's debts and obligations during his partnership and such liability includes his personal properties.</p> <p>-Limited Partner: the partner shall contribute to the capital of the company without having the right to manage it or undertake its operations, and his</p> | Companies Control Department & Jordan Free and Development Zones Group | 13027 | LP |

| Name | Description | Register | Number as of 31-12-2021 | Type |
|------------------------------|--|------------------------------|-------------------------|------|
| | <p>liability towards the company's debts and liabilities is limited to his share in the capital of the company.</p> <p>- The company of this type practice all main business activities, some of activities require a prior approval by the concerned sectorial authorities.</p> <p>-The company's law did not determine a minimum capital provided that effective legislations shall be taken into consideration upon registration if certain objectives require certain capitals.</p> <p>-The company's memorandum of association shall specify the names of partners authorized to manage and sign on its behalf and their powers.</p> | | | |
| Public Shareholding Company | <p>-The name of the Public Shareholding Company is derived from its objectives provided that, wherever the name is mentioned, it is followed by the words (Limited Public Shareholding Company).</p> <p>-The company shall not be registered in the name of a natural person unless the objective of the company is the exploitation of a patent duly registered in the name of this person.</p> <p>-Public Shareholding Company is composed of one shareholder or more (Natural or legal Person)</p> <p>- The shareholder responsibility shall be liable towards the company for the debts and obligations in proportion of the shares he owns in the company.</p> <p>-The company of this type practice all main business activities, some of activities require a prior approval by the concerned sectorial authorities.</p> <p>-The authorized capital is not less than five hundred thousand (500,000) dinars and the subscribed capital is not less than one hundred thousand (100,000) dinars or twenty percent (20%) of the authorized capital, whichever is greater.</p> <p>*The company shall enrol its shares in stock exchange.</p> <p>Some companies which are listed in Jordan securities commission (JSC) are also registered at the companies control department.</p> <p>Identification of the list of signatories in accordance with the minutes of general assembly and board of directors meetings.</p> | Companies Control Department | 323 | LP |
| Private shareholding Company | <p>-The company's name shall not conflict with its objectives provided that it is followed by the words (Private Shareholding Company), wherever mentioned.</p> <p>-The company's name may be that of a natural person if its objective is to invest a patent duly registered in the name of such person.</p> <p>- Private Shareholding Company is composed of one shareholder or more (Natural or legal Person).</p> <p>- The shareholder responsibility shall be liable to the company for such debts and obligations only in the value of his shares in its capital.</p> <p>-The company of this type practice all main business activities; some of activities require a prior approval by the concerned sectorial authorities.</p> <p>- The authorized and subscribed (paid) capital is not less than 50000 dinars.</p> <p>*The company may decide to list and trade its securities in the stock market.</p> | Companies Control Department | 1185 | LP |

| Name | Description | Register | Number as of 31-12-2021 | Type |
|------------------------|--|------------------------------|-------------------------|------|
| | - Identification of the list of signatories in accordance with the minutes of general assembly and board of directors meetings. | | | |
| Offshore Company | <p>-The offshore company is incorporated in Jordan, and acquires the Jordanian nationality, and conducts its business outside the Kingdom, so that it has only a “headquarter’s” management office inside the Kingdom. To benefit from the advantages and legislation of Jordan, this type of company usually saves the investor from issues of double taxation between the state of registration and the state of work.</p> <p>-It is composed of one person or more (Natural or legal Person) depending on its Legal form, where offshore company takes the legal form of the other types of companies and it is subject to the applicable procedures according to the type of record (for example: offshore / LLC, offshore / private shareholding, offshore / public shareholding) company where the same rules apply, and must be added the phrase “Offshore” to the company name, though no offshore company has been registered as public shareholding yet.</p> <p>-The offshore company must be committed to working within the purposes for which it was established and not to exercise any of its objectives inside Jordan and to have a clear physical headquarter in Jordan.</p> <p>-Determines the responsibility of the partners and the capital of the company, and the management of the company depending on its Legal form.</p> <p>- The offshore company is prohibited from offering its shares for subscription in the Kingdom.</p> | Companies Control Department | 1671 | LP |
| Civil Company | <p>-The Civil Companies established among specialized and professional partners and shall be subject to the provisions of the Civil Law, the provisions of the laws pertaining thereto, and to their internal Memorandum of Incorporation and Articles of Association.</p> <p>-Number of Partners shall consist of a number of natural persons, not less than two.</p> <p>-The civil Company takes the legal form of the other types of companies and it is Subject to the applicable procedures according to the type of record (for example: civil / LLC, civil / general partnership, civil / limited partnership, civil / private shareholding, civil / public shareholding company where the same rules apply, and must be added the phrase “Civil” to the company name, though no civil company has been registered as public shareholding yet.</p> <p>-The objectives of the company must be the practice of civil works and the practice of liberal professions.</p> <p>-It is required that the company be established among persons with one complementary or similar professional competence.</p> <p>-It is limited to practicing business and activities related to those professions, without aiming to practice commercial work.</p> <p>-Determines the responsibility of the partners and the capital of the company, and the management of the company depending on its Legal form.</p> | Companies Control Department | 512 | LP |
| Not for profit Company | <p>-A not for profit company is a company incorporated for public benefit.</p> <p>-It is composed of one person or more (Natural or legal Person) depending on its Legal form, where a not for profit company takes the legal form of the other types of companies and it is subject to the applicable procedures according to</p> | Companies Control Department | 1151 | LP |

| Name | Description | Register | Number as of 31- 12-2021 | Type |
|--------------|---|--------------------------------------|--------------------------------|------|
| | <p>the type of record (for example: not for profit/ LLC, not for profit/ general partnership, not for profit/ limited partnership, not for profit/ private shareholding , not for profit/ public shareholding company where the same rules apply, and must be added the phrase “not for profit” to the company name, though no not for profit company has been registered as public shareholding yet.</p> <p>-The Company's objectives in the health and educational sectors, financing of small enterprises, investment promotion and training aimed to develop the society, objective cultural, social activities, communal or group interest, not to make a profit.</p> <p>-If profits are achieved, the income and property of a not for profit company is not distributed to its incorporators, members, directors, officers or persons relating to any of them and must be used to achieve the purpose for which it was created.</p> <p>-Determines the responsibility of the partners and the capital of the company, and the management of the company depending on its Legal form.</p> | | | |
| Cooperatives | <p>Cooperative societies in Jordan are registered in accordance with the provisions of the Cooperative Societies Law No. (36) of 2016 and are subject to the supervision and control of the Jordanian Cooperative Corporation, and cooperative societies are classified according to their activities as follows:</p> <p>A. Multi-purpose cooperative societies, which are entitled to practice any economic activity in addition to their social activities in accordance with what is stipulated in their bylaws.</p> <p>B. Consumer cooperatives are those that work on the retail sale of consumer goods that they purchase or that they may produce themselves or in cooperation with other cooperative societies.</p> <p>C. Agricultural cooperative societies, whether multi-purpose agricultural, which are established to carry out the production, storage, transformation and marketing of agricultural commodities, as well as providing members through sale or lease with the agricultural tools they need to help increase agricultural production, whether these tools are made by the association or made by others or agricultural specialized in productive agricultural activity without commercial activity accompanied by marketing or sale.... etc.</p> <p>D. Professional cooperative societies: They consist of people working in the same profession with the intention of improving the conditions of selling their products and reducing their costs.</p> <p>E. Housing cooperative societies: They are those that provide the service of owning houses or lands suitable for the establishment of housing for their members.</p> <p>F. Cooperative societies for mutual benefit whose members consist of one community or one family.</p> <p>G. Craft cooperative societies: which consist of people working in the same craft.</p> <p>H. Cooperative societies whose members work in one service such as transportation, tourism, savings and credit, or other services.</p> <p>I. Women's cooperative societies: whose members are all women.</p> <p>J. Other kinds.</p> | Jordan Cooperative Corporation | 1499 | LP |

| Name | Description | Register | Number as of 31-12-2021 | Type |
|--------------|--|--|-------------------------|------|
| Associations | <p>-An association is considered an entity composed of a group of persons registered in accordance with the provisions of the Associations Law No. (51) of 2008 and its amendments, with the aim of providing services or carrying out activities on a voluntary basis without aiming for profit and sharing it or achieving any benefit for any of its members or for any specific person or achieving no political goals.</p> <p>-When the association is registered in the Associations Registry Department, it acquires the status of a legal person, and it has the right to carry out the actions and the actions necessary to achieve the goals and objectives contained in its statute, and it has the right to litigate and to appoint attorneys.</p> <p>-The work and activities of associations cover all aspects of life and their goals are concentrated in the following areas: education, health, culture, heritage, arts and sports, agriculture, environment, economic empowerment, democracy and governance, social and professional ties, rights and freedoms, protection and social care, tourism, archaeological sites and religions.</p> <p>-The work and activities of associations are subject to the supervision and control of the Associations Registry and the competent ministries, noting that all associations are registered in the Associations Registry Department (the registry is the only reference for the registration of associations). Associations are distributed under the umbrella of the competent ministries according to the nature of the goals and objectives for which they are registered.</p> | Association Register | 6372 | LP |
| Waqf | <p>-Waqf refers to a religious endowment i.e. a voluntary and irrevocable dedication of one's wealth or a portion of it - in cash or kind (such as a house or a garden). The Waqf is an asset established by a person (an endower/ AL Waqef) who no longer owns the asset and the proceeds of which will be used for good deeds. Waqf is a permanent donation. Once a Waqf is created, it can never be donated as a gift, inherited, or sold. disbursement of its returns is done in accordance with the endower's wishes.</p> <p>-Jordanian legislations permit the creation of Awqaf "endowments" which were defined in the Law of Awqaf, Islamic Affairs and Holy sites No(.32) of 2001 as “withholding the property of the owner for Allah the Almighty in order to allocate its benefits, even funds, for charity and for good deeds”.</p> <p>-Waqfs, are:</p> <p>a) Legal arrangements similar to trust funds and permit to separate between asset control and ownership of assets.</p> <p>b) Comprise some characteristics of legal persons in terms of the possession of shares and maintenance of bank accounts in their own names.</p> <p>c) The purpose of the Waqf is the development of the community and contribution to the various development areas (health, education, unemployment and other).</p> <p>-Waqf can take the form of public Waqfs and private Waqfs:</p> <p>A. Public Waqfs are assigned to specific charity aspects and are managed directly by the general authority for Waqfs ie. The Ministry of Awqaf and Islamic and Holy Places.</p> <p>B. Private Waqfs identify family members as the beneficiaries of the endowed property and the trustee (beholder) is appointed by the endower. The endower dedicates Waqf to his family, children, relatives or others. Upon the death of</p> | Ministry Of Awqaf And Islamic Affairs and Holy places. | 10259 | LA |

| Name | Description | Register | Number as of 31-12-2021 | Type |
|------|---|----------|-------------------------|------|
| | <p>the beneficiaries, this Waqf may be transformed into a charitable one at the endower's request.</p> <p>Both public Waqfs and private Waqfs are supervised by the Ministry of Awqaf and Islamic affairs and Holy places.</p> <p>-In general, Waqfs must be registered with a judge or with the Ministry of Awqaf and Islamic affairs and Holy places (by a document called title deeds) and the activities of Waqf are regulated through several rules and regulations in particular the law of Awqaf and Islamic affairs and Holy sites.</p> <p>-The title deeds of Waqf contain information about the (endower, the endowment (Waqf), trustees and beneficiaries), the ownership of assets of Waqf cannot be transferred to another person.</p> | | | |

2.2 Assessment of threat:

2.2.1 Threat level according to scenarios

The Jordan National Risk Assessment - which was conducted from February 2017 to January 2019 following a decision from the national committee for AML/CFT- came to the conclusion that the threat related to terrorist financing was classified as moderately significant (level 2). The threat related to money laundering, conversely, was classified as significant (level 3). The red flags and schemes for the following scenarios have been scoped together and incorporated in the assessment of threat and vulnerability:

- Formation of legal entities, trusts and arrangements similar to trusts, with the aim of concealing beneficial ownership thereof.
- Business activities of legal entities, trusts and arrangements similar to trusts which may serve the financing of terrorism or money laundering.
- The winding up of insolvent legal entities, trusts and arrangements similar to trusts in bankruptcy and compulsory liquidation proceedings with the aim of purchase of the assets by the former owner and continuation of the same business activity.

That will in addition already reflect the different threat level to ML and TF. The calculations are done separately, with the results for money laundering (ML) and terrorist financing (TF) presented together; any differences are shown separately at the appropriate points. In addition, a further evaluation was carried out on the level of each legal vehicle, taking into account one or more of the following:

- Level of threat based on enforcement statistics.
- Level of threat based on an analysis of credible open-source information.
- Level of threat perceptions based on the opinion of public and private sector experts.
- Observed threat scenarios.

The following adjustments were made, based on the aforementioned criteria:

| Legal form | Criteria for adjustment | Adjustment |
|--|---|----------------------|
| Limited liability Company (CDD and JFDZ) | The perceived threat scenario for money-laundering through abuse of limited liability companies (LLCs); indicates that it has been used to hide the sources of funds by establishing many companies in the Kingdom and in different countries, and it also turned out that there are complex ownership structures (usually shell companies used as a front for illegal businesses) that are also used to hide the beneficial ownership, as these companies maintain bank accounts in different countries that make it easier for them to do international businesses legitimately. Most of these companies have been found to be owned by persons related to the main suspects, (they are under their effective control). It was noted that most of these companies operate in the field of import, export and international trade. Money movements are disguised through deposits in various banks and complex transfers between these | New threat for ML: 4 |

| Legal form | Criteria for adjustment | Adjustment |
|------------------------|--|--|
| | companies' accounts within local banks and abroad, fake loans and invoices are also used to conceal the beneficial ownership of transactions fraudulently. | |
| Civil Company | <p>Civil Companies are registered among the holders of the same profession, including lawyers and certified accountants. According to Jordan National Risk Assessment it was concluded that lawyers have a "medium" level of net risk of money laundering, It is to be mentioned that it is possible to indirectly use the products and services of lawyers to conduct operations of high value and high volume related to money laundering, as well as the client base, the "very high" probability of international clients of lawyers, the "high" or "very high" probable involvement in money laundering of lawyers, and their complex types of clients. •</p> <p>Lawyers in Jordan operate under the Bar Association Law of 1972 and amendments thereto and are subject to the control and supervision of the bar association. This category is subject to obligations under the AML/CFT effective Law.</p> <p>And as of accountants it was concluded that accountants had a "very low" level of net money laundering risks. Accountants work in Jordan under the legal accounting profession regulation No. (7) Of 2006 promulgated by the legal accounting profession regulation Law No. (73) of 2003. This category is subject to AML/CFT obligations under the AML/CFT effective Law, and accountants are subject to the control and supervision of the Association of Certified Public Accountants". • It is to be noted that the domestic nature of the customer bases of this category is very small, and the range of products, services and distribution channels is very limited.</p> <p>It was also concluded according to the Jordan National Risk Assessment that the designated non-financial businesses and professions have a "low" level of net risks of terrorist financing.</p> | <p>New threat for TF: 1</p> <p>New threat for ML: 2</p> |
| Not for profit Company | <p>Not for profit companies work in Jordan under Companies Law No. (22) of the year 1997 and its amendments and the Not for profit Corporation Regulation No. (73) For the year 2010 and amendments.</p> <p>According to Jordan National Risk Assessment it was concluded that not for profit sector (including Not for profit companies) have a "very low" level of net risk of money laundering •</p> <p>As it was concluded that this sector has a "low inherent" risk to be exploited in money laundering given the "very small" size of the sector, and the limited range of products and services provided and the unavailability of products and services directly except through other institutions; these institutions have a simple ownership structure, and there is no suspicion that criminals own or control licensed non-profit institutions which minimized the level of inherent money laundering risks.</p> <p>The net terrorist financing risks for non-profit institutions was assessed as "very low" • This is due to the fact that the size of the sector is "very small", that products and services exist to some extent only through the operations happening via financial institutions, and that criminals are not suspected of owning or controlling licensed not for profit institutions.</p> <p>The terrorist risk assessment of the non- profit organizations sector report in Jordan (including Not for profit companies) showed that after completing the thorough review, there is no sufficient evidence that would indicate that terrorist financing is a major problem for the majority of NPOs in Jordan. In addition to that, the report shows that in that context, the potential "inherent risk" of misusing NPOs in TF in Jordan was assessed as medium to low TF Risks.</p> | <p>New threat for TF: 1,2</p> <p>New threat for ML 1</p> |
| Cooperatives | <p>The aim of the cooperative society is to serve the interests of the members, and therefore they do not provide financial services (deposits and loans) to the wider public.</p> <p>The cooperative societies are licensed and regulated according to Law No. (36) of 2016.</p> <p>According to Jordan National Risk Assessment it was assessed that there is a "low" inherent probability for the cooperative societies to be used for money laundering. It is noted that the</p> | <p>New threat for TF: 1</p> <p>New threat for ML: 1</p> |

| Legal form | Criteria for adjustment | Adjustment |
|--------------|--|---|
| | <p>customer bases of cooperative societies are small, domestic and familiar in nature, and the scope of their domestic activities, products and services is limited, as they are mainly accepting deposits from members and providing loans to them. The cooperative societies do not provide exchange services or money transfers, which in turn requires members wishing to transfer money abroad or exchange currency to conduct operations through banks or money transfer companies. In addition, members cannot access their funds through ATM networks, and the average size of their client accounts is very small.</p> <p>Also it was assessed that there is “very low” probability of cooperatives being involved in terrorist financing due to their limited products and services (including the micro level of the intensity of cash handling), the “small” customer base, and the “very low” probability of being involved in cross-border terrorist financing.</p> <p>According to the enforcement and/or criminal statistics, there are no reported cases found that may indicate that this type of legal vehicle was misused for ML/TF. In addition to that, based on FIU database statistics, there is no Suspicious Activity Reports (SARs) reported on this type of legal form to be misused or involved for ML/TF purposes.</p> | |
| Associations | <p>The Association Register statistics do not show any enforcement actions that were imposed due to associations abuse for money laundering purposes.</p> <p>According to Jordan National Risk Assessment, it was concluded that associations have a “very low” level of net risk of money laundering.</p> <p>The terrorist risk assessment of the non-profit organizations sector report in Jordan (including associations) showed that after completing the thorough review, there is no sufficient evidence that would indicate that terrorist financing is a major problem for the majority of NPOs in Jordan, as there are only two known cases linking NPOs (associations) to a potential terrorist financing incident, yet Jordan faces significant terrorist threats that are likely to affect non-profit organizations as much as any other part of society. In addition to that, the report shows that in that context, the potential “inherent risk” of misusing NPOs in TF in Jordan was assessed as medium to low TF risks.</p> <p>Associations are considered to be Not -for Profit entities, accordingly the details previously shown regarding Not for-Profit companies risks apply here too.</p> | <p>New threat for TF: 1.5</p> <p>New threat for ML: 1</p> |
| Waqf | <p>The Ministry of Awqaf and Islamic Affairs and Holy Places statistics do not show any enforcement actions that were imposed due to Waqfs abuse for ML/TF purposes. The Ministry of Awqaf and Islamic Affairs and Holy Places explained that no sanctions were imposed on investors (lease or investment), for the violation of the requirements related to Waqf information (Mutual Evaluation Report of The Hashemite Kingdom of Jordan – November 2019, page 117).</p> <p>Waqf properties are subject to the control of the Ministry of Awqaf and Islamic Affairs and Holy Places, including the disposal of such properties, and in investment cases for endowments accurate and sufficient procedures are applied to limit any criminal abuse for money laundering or terrorist financing. No specific instances of abuse had come to the attention of authorities thus far. (Mutual Evaluation Report of The Hashemite Kingdom of Jordan – November 2019, page 117).</p> <p>According to the enforcement and/or criminal statistics, there are no reported cases found that may indicate that this type of legal arrangement was misused for ML/TF. In addition to that, based on FIU database statistics, there is no Suspicious Activity Reports (SARs) reported on this type of legal form to be misused or involved for ML/TF purposes.</p> | <p>New threat for TF: 1</p> <p>New threat for ML: 1</p> |

2.2.2 Geographical threat

Due to the Limited data that is currently electronically available regarding the beneficial owner only direct beneficial ownership (Tier 1: Control through ownership (The Natural Person who owns (20%) or more of the Legal person) was used for the aim of this assessment. In regard to the domicile of beneficial owner and despite the lack of information in this area a qualitative assessment was made. In cases where it was concluded that the majority of the beneficial owners reside in Jordan, the threat with regard to ML or TF is considered as lower, because of the fact that those persons have in general close links to the Jordanian society which might reduce the risks. Therefore, in justified cases the level of risk was reduced by one level¹⁰.

| Domicile and Citizenship of Beneficial Owner | |
|--|---|
| Legal form | TF and ML Threat |
| Limited Liability Company (CCD) | <p>92.15% of the registered LLC have at least one Jordanian partner who owns 20% or more of the contributed capital and only 7.85% of them have a foreigner partner who owns 20% or more of the contributed capital. 7.02% of the total limited liability companies have a foreigner BO that hold a high risk nationality in terms of TF from which (92.38%) of those companies have a BO who holds the citizenship of countries that faced and are still facing conflicts and unstable conditions and 4.23% of those companies have a foreigner partner that hold a high risk nationality in terms of ML (71.48%) of those foreigners came from countries that faced and are still facing conflicts and unstable conditions which drove many of them to choose to invest and reside within the Kingdom.</p> <p>Therefore, guided by the above data and indicators, we find that the threat level of:</p> <ul style="list-style-type: none"> According to the citizenship the ML threat is moderately significant (level 2). Taking into account the domicile of beneficial owners the level is reduced to less significant (level 1) According to the citizenship the TF threat is significant (level 3). Taking into account the domicile of beneficial owners the level is reduced to moderately significant (level 2) |
| Limited Liability Company (JFDZ) | <p>29.51% of the registered LLC have at least one Jordanian partner who owns 20% or more of the contributed capital and 70.49% of them have a foreigner partner who owns 20% or more of the contributed capital. 56.97% of the total limited liability companies have a foreigner BO that hold a high risk nationality in terms of TF from which (94.78%) of those companies have a BO who holds the citizenship of countries that faced and are still facing conflicts and unstable conditions and 8.12% of those companies have a foreigner partner that hold a high risk nationality in terms of ML (71.65%) of those foreigners came from countries that faced and are still facing conflicts and unstable conditions which drove many of them to choose to invest and reside within the Kingdom.</p> <p>Therefore, guided by the above data and indicators, we find that the threat level of:</p> <ul style="list-style-type: none"> According to the citizenship the ML threat is significant (level 3). Taking into account the domicile of beneficial owners the level is reduced to moderately significant (level 2) According to the citizenship the TF threat is very significant (level 4). Taking into account the domicile of beneficial owners the level is reduced to significant (level 3) |
| General partnership Company (CCD) | <p>93.25% of the registered general partnerships have at least one Jordanian partner who owns 20% or more of the contributed capital and 6.75% of them have a foreigner partner who owns 20% or more of the contributed capital. 3.10% of the total general partnerships companies have a foreigner BO that hold a high risk nationality in terms of TF from which (94.79%) of those companies have a BO who holds the citizenship of countries that faced and are still facing conflicts and unstable conditions and 2.18% of those companies have a foreigner partner that hold a high risk nationality in terms of ML (91.64%) of those foreigners came from countries that faced and are still facing conflicts and unstable conditions which drove many of them to choose to invest and reside within the Kingdom.</p> <p>Therefore, guided by the above data and indicators, we find that the threat level of:</p> <ul style="list-style-type: none"> According to the citizenship the ML threat is less significant (level 1). According to the citizenship the TF threat is moderately significant (level 2). Taking into account the domicile of beneficial owners the level is reduced to less significant (level 1) |

¹⁰ In determining high risk nationalities the following lists were used: FATF high risk jurisdictions subject to call for action (former FATF black list 21 February 2020 and FATF Grey list jurisdictions under increased monitoring –March 2022, global terrorism index2020, united nations security council sanctions list. Taking into consideration, the decision related to high-risk countries of the National Committee for Combating Money Laundering and Terrorism Financing No. (6/2020) dated 6/8/2020).

| Legal form | TF and ML Threat |
|---|--|
| General partnership Company (JFDZ) | <p>75.8% of the registered general partnerships have at least one Jordanian partner who owns 20% or more of the contributed capital and 24.2% of them have a foreigner partner who owns 20% or more of the contributed capital.</p> <p>17.97% of the total general partnerships companies have a foreigner BO that hold a high risk nationality in terms of TF from which (95.11%) of those companies have a BO who holds the citizenship of countries that faced and are still facing conflicts and unstable conditions and 5.35% of those companies have a foreigner partner that hold a high risk nationality in terms of ML (85.07 %) of those foreigners came from countries that faced and are still facing conflicts and unstable conditions which drove many of them to choose to invest and reside within the Kingdom.</p> <p>Therefore, guided by the above data and indicators, we find that the threat level of:</p> <ul style="list-style-type: none"> According to the citizenship the ML threat is moderately significant (level ٢). Taking into account the domicile of beneficial owners the level is reduced to less significant (level ١) According to the citizenship the TF threat is very significant (level 4). Taking into account the domicile of beneficial owners the level is reduced to significant (level 3) |
| Limited partnership Company (CCD) | <p>87.85% of the registered limited partnerships have at least one Jordanian partner who owns 20% or more of the contributed capital and 12.15% of them have a foreigner partner who owns 20% or more of the contributed capital.</p> <p>6.6% of the total limited partnership companies have a foreigner BO that hold a high risk nationality in terms of TF from which (96.81%) of those companies have a BO who holds the citizenship of countries that faced and are still facing conflicts and unstable conditions and 5.94% of those companies have a foreigner partner that hold a high risk nationality in terms of ML (96.06%) of those foreigners came from countries that faced and are still facing conflicts and unstable conditions which drove many of them to choose to invest and reside within the Kingdom.</p> <p>Therefore, guided by the above data and indicators, we find that the threat level of:</p> <ul style="list-style-type: none"> According to the citizenship the ML threat is moderately significant (level ٢). Taking into account the domicile of beneficial owners the level is reduced to less significant (level ١) According to the citizenship the TF threat is significant (level 3). Taking into account the domicile of beneficial owners the level is reduced to moderately significant (level 2) |
| Limited partnership Company (JFDZ) | <p>89. 18% of the registered limited partnerships have at least one Jordanian partner who owns 20% or more of the contributed capital and 10.82% of them have a foreigner partner who owns 20% or more of the contributed capital.</p> <p>9.28% of the total limited partnership companies have a foreigner BO that hold a high risk nationality in terms of TF from which (77.78%) of those companies have a BO who holds the citizenship of countries that faced and are still facing conflicts and unstable conditions which drove many of them to choose to invest and reside within the Kingdom. And 1.03% of those companies have a foreigner partner that hold a high risk nationality in terms of ML</p> <p>Therefore, guided by the above data and indicators, we find that the threat level of:</p> <ul style="list-style-type: none"> According to the citizenship the ML threat is less significant (level 1). According to the citizenship the TF threat is significant (level 3). Taking into account the domicile of beneficial owners the level is reduced to moderately significant (level 2) |
| Public Shareholding Company (CCD and JSC) | <p>The assessment was done guided by the information available about the listed Public Shareholding Companies (JSC) (which represent 72 % of the total number of public shareholding companies) and have been used as a representable sample.</p> <p>82% of the registered public shareholdings have at least one Jordanian partner who owns 20% or more of the contributed capital and 18% of them have a foreigner partner who owns 20% or more of the contributed capital.</p> <p>3% of the total public shareholding companies have a foreigner BO that holds a high risk nationality in terms of TF. And 3% of those companies have a foreigner partner that holds a high risk nationality in terms of ML.</p> <p>Therefore, guided by the above data and indicators, we find that the threat level of:</p> <ul style="list-style-type: none"> ML is moderately significant (level 2) TF is moderately significant (level 2) |
| Private | <p>65.57% of the registered private shareholding companies have at least one Jordanian partner who owns 20% or more of the contributed capital and 34.43% of them have a foreigner partner who owns 20% or more of the contributed capital.</p> |

| Legal form | TF and ML Threat |
|------------------------|---|
| shareholding Company | <p>3.12% of the total private shareholding companies have a foreigner BO that hold a high risk nationality in terms of TF from which (83.78%) of those companies have a BO who holds the citizenship of countries that faced and are still facing conflicts and unstable conditions which drove many of them to choose to invest and reside within the Kingdom. And 7.26% of those companies have a foreigner partner that hold a high risk nationality in terms of ML</p> <p>Therefore, guided by the above data and indicators, we find that the threat level of:</p> <ul style="list-style-type: none"> According to the citizenship the ML threat is significant (level 3). According to the citizenship the TF threat is moderately significant (level 2). Taking into account the domicile of beneficial owners the level is reduced to less significant (level 1) |
| Offshore company | <p>22.26% of the registered offshore company have at least one Jordanian partner who owns 20% or more of the contributed capital and 77.74% of them have a foreigner partner who owns 20% or more of the contributed capital.</p> <p>52.78% of the total offshore company companies have a foreigner BO that hold a high risk nationality in terms of TF from which (95.92%) of those companies have a BO who holds the citizenship of countries that faced and are still facing conflicts and unstable conditions which drove many of them to choose to invest and reside within the Kingdom. And 4.01% of those companies have a foreigner partner that hold a high risk nationality in terms of ML .</p> <p>Therefore, guided by the above data and indicators, we find that the threat level of:</p> <ul style="list-style-type: none"> According to the citizenship the ML threat is moderately significant (level 2). According to the citizenship the TF threat is very significant (level 4). Taking into account the domicile of beneficial owners the level is reduced to significant (level 3). |
| Civil Company | <p>The data shows a very high percentage of Jordanian beneficial owners. This is due to the fact that objectives of the company must be the practice of civil works and the practice of liberal professions.so it was found that 99.61% of the registered civil companies have at least one Jordanian partner who owns 20% or more of the contributed capital and only0.39 % of them have a foreigner partner who owns 20% or more of the contributed capital.</p> <p>Therefore, guided by the above data and indicators, we find the threat level of:</p> <ul style="list-style-type: none"> ML is less significant (level 1) TF is less significant (level 1) |
| Not for profit Company | <p>90.7% of the registered not for profit companies have at least one Jordanian partner who owns 20% or more of the contributed capital and 9.3% of them have a foreigner partner who owns 20% or more of the contributed capital.</p> <p>Only 1.04% of the total not for profit companies have a foreigner BO that hold a high risk nationality in terms of TF all of them came from countries that faced and are still facing conflicts and unstable conditions which drove many of them to choose to invest and reside within the kingdom. And less than 1% of those companies have a foreigner partner that holds a high risk nationality in terms of ML.</p> <p>Therefore, guided by the above data and indicators, we find that the threat level of:</p> <ul style="list-style-type: none"> ML is less significant (level 1) TF is less significant (level 1) |
| Cooperatives | <p>The founding member of a cooperative society shall be, among other things, of a Jordanian nationality [Article (3/B/1) of the Cooperative Societies Law in force], and therefore all founding members and affiliated to it after its establishment are of Jordanian nationality.</p> <p>Therefore, we assume that the threat level as follow:</p> <ul style="list-style-type: none"> ML is less significant (level 1) TF is less significant (level 1) |
| Associations | <p>The beneficial owner of associations is in general the members of the board of directors (control through positions held). The same approach that was used in the terrorist risk assessment on the not for profit organizations sector in Jordan. (refer to the table regarding the Management).</p> |
| Waqf | <p>The Waqf is classified according to the person who established it (Al Waqef) into private and public Waqf For private Waqf it was found that 100% of the BOs reside in the Kingdom with 97.5% of them hold the Jordanian nationality.</p> |

Domicile and Citizenship of Beneficial Owner

| Legal form | TF and ML Threat |
|------------|---|
| | <p>For public Waqf it was concluded that most of the persons who established the public Waqf are Jordanians and reside within the Kingdom. This was concluded depending on a representative sample and based on the experience of the ministry of Awqaf and Islamic and Holy Places.</p> <p>It's clearly noticed that the great majority of the beneficial owners of the Waqfs are Jordanians. There is dominance by Jordanians in term of the Persons who established the Waqf (Al Waqef), the Guardians and the Beneficiaries of the Waqf.</p> <p>Therefore, guided by the data and indicators, we find that the threat level of Waqf is as following:</p> <ul style="list-style-type: none"> • ML is less significant (level 1) • TF is less significant (level 1) |

Domicile and Citizenship of Owners

| Legal form | TF and ML Threat |
|------------------------------------|---|
| Limited Liability Company (CCD) | <p>The citizenship of the legal owners for LLC consist of 77% Jordanians and 23% foreigners. 9% of the total owners hold a high risk nationality in terms of TF from which (83%) of those foreigners have the citizenship of countries that faced and are still facing conflicts and unstable conditions which drove many of them to choose to invest and reside within the kingdom. And 5% hold a high risk nationality in terms of ML.</p> <p>Therefore, guided by the above data and indicators, we find that the threat level as follow:</p> <ul style="list-style-type: none"> • ML is moderately significant (level 2) • According to the citizenship the TF threat is significant (level 3). Taking into account the domicile of high risk TF legal owners the level is reduced to moderately significant (level 2) |
| Limited Liability Company (JFDZ) | <p>The citizenship of the legal owners for LLC consist of 44% Jordanians and 56% foreigners. 36% of the total owners hold a high risk nationality in terms of TF and 13% hold a high risk nationality in terms of ML.</p> <p>Total investments from foreign countries are higher than Jordanians , thus the same approach cannot be applied here (lowering the level of risk if the most foreign investors belongs to unstable countries and their residency is in Jordan)</p> <p>Therefore, guided by the above data and indicators, we find that the threat level as follow:</p> <ul style="list-style-type: none"> • ML is very significant (level 4) • TF threat is very significant (level 4) |
| General partnership (CCD) Company | <p>The citizenship of the legal owners for general partnership consist of 76.24% Jordanians and 23.76% foreigners. 12.59% of the total owners hold a high risk nationality in terms of TF from which (93.4%) of those foreigners have the citizenship of countries that faced and are still facing conflicts and unstable conditions and 8.4% hold a high risk nationality in terms of ML from which (84.32%) of those foreigners have the citizenship of countries that faced and are still facing conflicts and unstable conditions which drove many of them to choose to invest and reside within the kingdom.</p> <p>Therefore, guided by the above data and indicators, we find that the threat level as follow:</p> <ul style="list-style-type: none"> • ML is significant (level 3) Taking into account the domicile of high risk ML legal owners the level is reduced to moderately significant (level 2) • According to the citizenship the TF threat is very significant (level 4). Taking into account the domicile of high risk TF legal owners the level is reduced to significant (level 3) |
| General partnership Company (JFDZ) | <p>The citizenship of the legal owners for general partnership consist of 26% Jordanians and 74% foreigners. 66% of the total owners hold a high risk nationality in terms of TF from which (97%) of those foreigners have the citizenship of countries that faced and are still facing conflicts and unstable conditions and 13% hold a high risk nationality in terms of ML from which (87%) of those foreigners have the citizenship of countries that faced and are still facing conflicts and unstable conditions which drove many of them to choose to invest and reside within the kingdom.</p> <p>Therefore, guided by the above data and indicators, we find that the threat level as follow:</p> <ul style="list-style-type: none"> • ML is very significant (level 4) Taking into account the domicile of high-risk ML legal owners the level is reduced to significant (level 3) |

| Domicile and Citizenship of Owners | |
|---|--|
| Legal form | TF and ML Threat |
| | <ul style="list-style-type: none"> According to the citizenship the TF threat is very significant (level 4). Taking into account the domicile of high risk TF legal owners the level is reduced to significant (level 3). |
| Limited partnership Company (CCD) | <p>The citizenship of the legal owners for Limited partnership consist of 81.13% Jordanians and 18.87% foreigners.</p> <p>11.32% of the total owners hold a high risk nationality in terms of TF from which (96.61%) of those foreigners have the citizenship of countries that faced and are still facing conflicts and unstable conditions and 8.72% hold a high risk nationality in terms of ML from which (95.13%) of those foreigners have the citizenship of countries that faced and are still facing conflicts and unstable conditions which drove many of them to choose to invest and reside within the kingdom.</p> <p>Therefore, guided by the above data and indicators, we find that the threat level as follow:</p> <ul style="list-style-type: none"> ML is significant (level 3) Taking into account the domicile of high-risk ML legal owners the level is reduced to moderately significant (level 2) According to the citizenship the TF threat is very significant (level 4). Taking into account the domicile of high-risk TF legal owners the level is reduced to significant (level 3) |
| Limited partnership Company (JFDZ) | <p>The citizenship of the legal owners for Limited partnership consist of 61% Jordanians and 39% foreigners.</p> <p>34% of the total owners hold a high risk nationality in terms of TF from which (95%) of those foreigners have the citizenship of countries that faced and are still facing conflicts and unstable conditions and 6% hold a high risk nationality in terms of ML from which (86%) of those foreigners have the citizenship of countries that faced and are still facing conflicts and unstable conditions which drove many of them to choose to invest and reside within the kingdom.</p> <p>Therefore, guided by the above data and indicators, we find that the threat level as follow:</p> <ul style="list-style-type: none"> ML is significant (level 3) Taking into account the domicile of high risk ML legal owners the level is reduced to moderately significant (level 2) According to the citizenship the TF threat is very significant (level 4). Taking into account the domicile of high-risk TF legal owners the level is reduced to significant (level 3) |
| Public Shareholding Company (CCD and JSC) | <p>The assessment was done guided by the information available about the listed Public Shareholding Companies (JSC) (which represent 72 % of the total number of public shareholding companies) and have been used as a representable sample.</p> <p>The citizenship of the legal owners for public shareholding companies consist of 52% Jordanians and 48% foreigners.</p> <p>8.77% of the total owners hold a high risk nationality in terms of TF and 2.68% hold a high risk nationality in terms of ML</p> <p>Therefore, guided by the above data and indicators, we find that the threat level of:</p> <ul style="list-style-type: none"> ML is moderately significant (level 2) TF is significant (level 3) |
| Private Shareholding Company | <p>The citizenship of the legal owners for private shareholding companies consist of 63.41% Jordanians and 36.59% foreigners.</p> <p>9.26% of the total owners hold a high risk nationality in terms of TF from which (93.82%) of those foreigners have the citizenship of countries that faced and are still facing conflicts and unstable conditions which drove many of them to choose to invest and reside within the kingdom. And 7.09% hold a high risk nationality in terms of ML.</p> <p>Therefore, guided by the above data and indicators, we find that the threat level as follow:</p> <ul style="list-style-type: none"> ML is significant (level 3). According to the citizenship the TF threat is significant (level 3). Taking into account the domicile of high-risk TF legal owners the level is reduced to moderately significant (level 2). |
| Offshore company | <p>The citizenship of the legal owners for offshore company consist of 15.84% Jordanians and 84.16% foreigners.</p> <p>52.64% of the total owners hold a high risk nationality in terms of TF from which (98.9%) of those foreigners have the citizenship of countries that faced and are still facing conflicts and unstable conditions which drove many of them to choose to invest and reside within the kingdom. Moreover, 3.5% hold a high risk nationality in terms of ML. In addition, this type of company does not operate within the Kingdom according to Article 4 of the offshore regulation in force.</p> <p>Therefore, guided by the above data and indicators, we find that the threat level as follow:</p> |

| Domicile and Citizenship of Owners | |
|------------------------------------|---|
| Legal form | TF and ML Threat |
| | <ul style="list-style-type: none"> ML is moderately significant (level 2) According to the citizenship the TF threat is very significant (level 4). Taking into account the domicile of high-risk TF legal owners the level is reduced to significant (level 3) |
| Civil Company | <p>According to the records saved at the Companies Control Department regarding the nationalities of the owners, it was found that the majority of the invested capital in the Civil companies was controlled by Jordanians with a 93% of the Total investment and only 7% are foreigners.</p> <p>Less than 1% of the total owners hold a high risk nationality in terms of TF and ML.</p> <p>Therefore, guided by the above data and indicators, we find that the threat level of as following:</p> <ul style="list-style-type: none"> ML is less significant (level 1) TF is less significant (level 1) |
| Not for profit Company | <p>The citizenship of the legal owners for Not for profit Companies consist of 98.37% Jordanians and 1.63% foreigners. so it's clearly noticed that the great majority of the not-for-profit companies' legal owners are Jordanians. There is a dominance by Jordanians in term of number and in term of the amount of the capital invested in the not-for-profit companies.</p> <p>Therefore, guided by the above data and indicators, we find that the threat level as follow:</p> <ul style="list-style-type: none"> TF is less significant (level 1) ML is less significant (level 1) |
| Cooperatives | <p>The legal owners of any cooperative society are the "General Authority" consisting of the founding members of that society and its later affiliates, where the Cooperative Societies Law in force in Article (3/B/1) states that they should be of Jordanian nationality.</p> <p>Therefore, guided by the above data and indicators, we find that the threat level as follow:</p> <ul style="list-style-type: none"> ML is less significant (level 1) TF is less significant (level 1) |
| Associations | <p>Refer to the table regarding the Management: The beneficial owners of associations are in general the members of to the board of directors (control through positions held). The same approach that was used in the terrorist risk assessment on the not for profit organizations sector in Jordan.</p> |
| Waqf | <p>Not applicable: Waqf literally means 'detention' as when a waqf is created, the property is detained; neither the person who created the waqf nor its beneficiaries are entitled to ownership. A waqf becomes a public property that cannot be given away, sold, mortgaged, inherited, or otherwise disposed of. Moreover, this property cannot be used for any other purpose except for charity. Once a property is dedicated as waqf, it remains as waqf forever signifying that a waqf is perpetual, inalienable and irrevocable in nature (The assets will be the property of waqf).</p> <p>The waqf proceeds are used to serve a specific group of individuals (beneficiaries) such as students In this sense, private waqf is a form of charitable waqf (waqf khayri) addressing the needs of a specific group of society. Private waqf (waqf khas) may also refer to waqf which serves the interest of the waqif's children and grandchildren (hence, it is also known as posterity waqf).</p> |

| Domicile and Citizenship of Management | |
|---|--|
| Legal form | TF and ML Threat |
| Limited Liability Company (CCD and JFDZ) | Although the legislation does not prevent the election of management from non-partners, but based on the knowledge and experience of CCD registry and JFDZ registry, the aforementioned legal forms are managed by the owners themselves. |
| General partnership Company (CCD and JFDZ) | In regard to the domicile of Managers, it was concluded that the majority of the managers reside within the Kingdom by observing their personal attendance to the general assembly meetings or the board meetings held inside the kingdom, voting on decisions, and through signing the service request available at the department in the presence of competent employee. |
| Limited partnership Company (CCD and JFDZ) | |
| Private Shareholding Company Civil Company | <p>Therefore, we assume that the threat level as follow:</p> <ul style="list-style-type: none"> ML is moderately significant (level 2) TF is moderately significant (level 2) |

| Domicile and Citizenship of Management | |
|---|--|
| Legal form | TF and ML Threat |
| Not for profit Company | |
| Public Shareholding Company (CCD and JSC) | <p>64% of the board of directors(BOD) members are Jordanians and the remaining 36% are foreigners</p> <p>3.04% of the total BOD members hold a high risk nationality in terms of TF and 3.16 of them hold a high risk nationality in term of ML</p> <p>Therefore, guided by the above data and indicators, we find that the threat level as follow:</p> <ul style="list-style-type: none"> • ML is moderately significant (level 2) • TF is moderately significant (level 2) |
| Offshore company | <p>Offshore companies only operate outside the Kingdom. so that it has only a “headquarter” s management office inside the Kingdom.</p> <p>Therefore, we assume that the threat level as follow:</p> <ul style="list-style-type: none"> • ML is moderately significant (level 2) • TF is significant (level 3) |
| Cooperatives | <p>The cooperative society shall be managed by a management committee consisting of members elected by the general assembly [consisting of the founding members of that society and its later affiliates], where the Cooperative Societies Law in force in Article (3/B/1) states that they should be of Jordanian nationality.</p> <p>Therefore, guided by the above data and indicators, we find that the threat level as follow:</p> <ul style="list-style-type: none"> • ML is less significant (level 1) • TF is less significant (level 1) |
| Associations | <p>By analysing the data of the administrative bodies nationality through a sample of (٦٦%) of the total number of local associations registered as on 31/12/2021- -it was found that (99%) of the members of the administrative bodies of local associations are of Jordanian nationality, while the remaining percentage (١ %) are foreigners.</p> <p>This analysis is supported by the results of the terrorist risk assessment on the not for profit organizations sector in Jordan, which showed that the level of risks of exploiting not for profit organizations, including associations, is medium to low.</p> <p>Therefore, we assume that the threat level as follow:</p> <ul style="list-style-type: none"> • ML is less significant (level 1) • TF is less significant (level 1) |
| Waqf | <p>In case of public Waqf the gardian is the ministry of Awqaf and in case of private Waqf the gardian is designated by Al waqef throughout the conditions of the waqf argument that authorizes him to do so. Refer to the table regarding the BO.</p> |

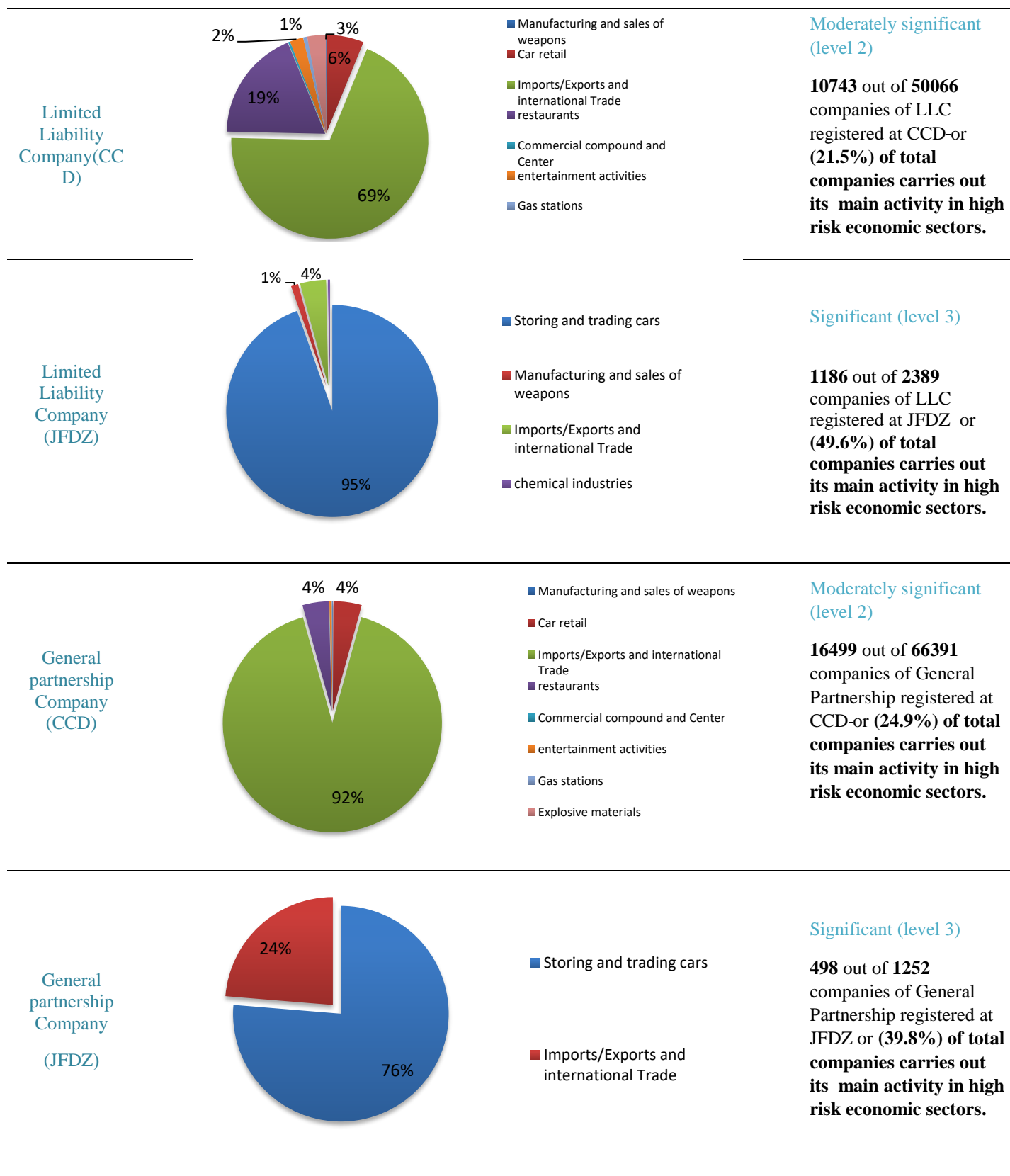
2.2.3 Economic threat

To determine the economic threat, an analysis was performed as to which proportion of each legal form carries out its main activity in a high-risk economic sector. This analysis has been performed for the risk of money laundering and terrorist financing all together:

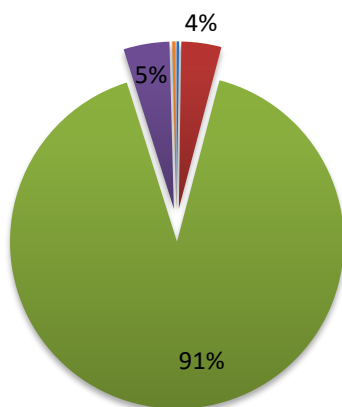
The following general sectors /economic activities have been identified either internationally and /or based on the feedback provided by FIU as sectors (activities) that could be misused for the purpose of money laundering and terrorist financing in the kingdom :

- | | |
|--|--|
| - Banking institutions. | - Sale and maintenance of vehicles, cars and motors, parts and accessories. |
| - Retail and wholesale of commodities, | - Amusement and recreation activities such as restaurants, Malls (including gas stations). |
| - Export and Import / International Trade. | - Manufacture and sale/ trade of weapons and munitions / Manufacture of military combat vehicles |
| - Management, financial, technical, and training consultancy services. | - Manufacture and sale/ trade of explosive materials and chemical materials |

The following breaks down the percentage of activities in high –risk economic sectors for each legal form and the number of companies practicing in such activity out of the each legal type:



Limited partnership Company (CCD)

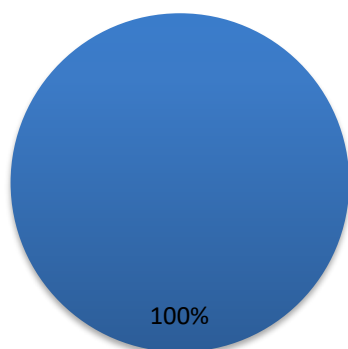


- Manufacturing and sales of weapons
- Car retail
- Imports/Exports and international Trade
- restaurants
- Commercial compound and Center
- entertainment activities
- Gas stations

Significant (level 3)

3825 out of 12833 companies of General Partnership registered at CCD or **(29.8%) of companies carries out its main activity in high risk economic sectors.**

Limited partnership Company (JDFZ)

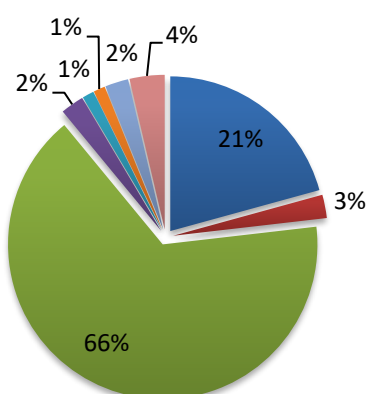


- Storing and trading cars

Significant (level 3)

68 out of 194 companies of registered Limited Partnership at JDFZ or **(35%) of total companies carries out its main activity in high risk economic sector.**

Public Shareholding Company

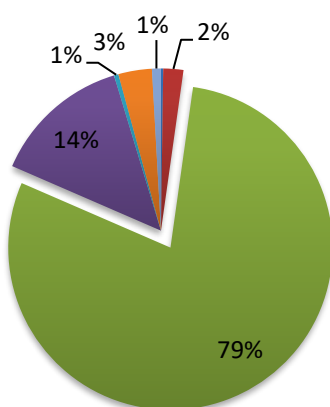


- Banks
- car Retail
- Imports/Exports and international Trade
- restaurants
- Commercial compound and Center
- entertainment activities
- Gas stations
- Explosive materials

Significant (level 3)

82 out of 323 companies of Public Shareholding registered at CCD-or **(25.4%) of total companies carries out its main activity in high risk economic sectors**

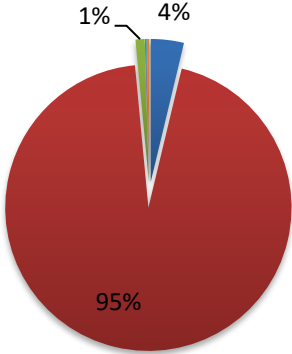
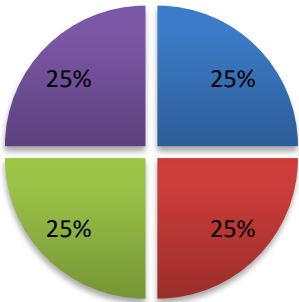
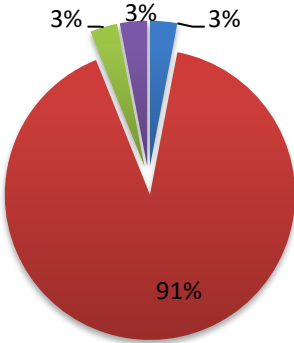
Private shareholding company



- Manufacturing and sales of weapons
- Car retail
- Imports/Exports and international Trade
- restaurants
- Commercial compound and Center
- entertainment activities
- Gas stations

Significant (level 3)

449 out of 1185 companies of Private Shareholding companies registered at CCD or **(37.9%) of total companies carries out its main activity in high risk economic sectors.**

| | | | |
|------------------------|-----------------------|--|---|
| Offshore company | |  <p> ■ Car retail ■ Imports/Exports and international Trade ■ restaurants ■ Commercial compound and Center ■ entertainment activities ■ Gas stations </p> | <p>Very significant (level 4)</p> <p>1069 out of 1671 companies of Offshore companies registered at CCD or (64%) of total companies carries out its main activity in high risk economic sectors.</p> |
| Civil Company | |  <p> ■ credit companies ■ Car retail ■ Imports/Exports and international Trade ■ restaurants </p> | <p>Less significant (Level 1)</p> <p>4 out of 512 companies of civil companies or (8%) of total companies carries out its main activity in high risk economic sectors.</p> |
| Cooperatives | |  <p> ■ Car retail ■ Commercial compound and Center ■ entertainment activities ■ Gas stations </p> | <p>Less significant (level 1)</p> <p>66 out of 1499 cooperative societies or (4.40%) of total cooperative societies carries out its main activity in high risk economic sectors.</p> |
| Not for profit Company | No high-risk activity | <p>Less significant (Level 1)</p> <p>Total = 1151</p> <p>Article 4 of the Not for profit Companies bylaw No. 73 of 2010 limits the sectors in which these companies operate exclusively, which are the health and educational sectors, financing small projects, investment promotion and training aimed at community development or any purpose related to the mentioned sectors.</p> | |
| Associations | No high-risk activity | <p>Less significant (Level 1)</p> <p>Total = 6372</p> <p>According to the qualitative analysis, the main activities of the local associations are low risk activities. Associations have to obtain the necessary approvals to register any economic activity in accordance with the relevant legislative requirements, noting that the financial return of any activity is due to achieve the goals and objectives of the association.</p> | |
| Waqf | No high-risk activity | <p>Less significant (Level 1)</p> <p>Total:10259</p> <p>Waqf is the transition of the proprietor's ownership to the waqf dedicated in such a manner that the profits may revert to and be applied for the benefit of mankind. The majority of waqfs are said to be charitable i.e. its income or usufruct is educated for a charitable purpose.</p> | |

2.2.4 Potential Concealment of Beneficial Ownership

In case beneficial ownership may be concealed easily, this will increase the level of threat, because it minimises the risk for the involved criminals to be detected. Therefore, it was analysed if the beneficial ownership may be concealed by the following for a particular legal vehicle:

- Bearer shares and bearer share warrants.
- Nominee shareholders like Trusteeship arrangements (i.e. shareholder holds the participation on the behalf of someone else) or the use of straw men (more likely, if no identification is required).
- Nominee director.

| | |
|---|--|
| Limited Liability Company(CCD and JFDZ) | Procedures effectively prohibit the concept of bearer shares. |
| General partnership Company (CCD and JFDZ) | With regard to nominee shareholders and nominee directors Jordan follows the transparency approach. |
| Limited partnership Company (CCD and JFDZ) | Transparency of nominee shareholders and directors is realized through requirements stipulated by the effective Companies Law and Real Beneficiary Regulation and through filling the Real Beneficiary Disclosure Form. |
| Public Shareholding Companies Private shareholding Company Offshore Company Not for profit Company | In practice, this was not effective under the previous regime. However, in the implementation of the new amendments of Companies law and if a specific declaration for nominee is added to the BO disclosure form, situation will be gradually improved and the transparency requirement will be met in future. This will be already considered in the rating to a certain extent. Accordingly, the threat level is assumed as significant (Level 3) |
| Civil Companies | Civil Companies are registered among the holders of the same profession, including lawyers and certified accountants. For that reason, risk for the practical occurrence is significantly lower. Accordingly, the threat level is assumed as moderately significant (level 2) . |
| Cooperatives | Bearer shares and bearer share warrants are not applicable. According to the qualitative analysis regarding the concealment of ownership, the applicable regulation imposes the declaration and disclosure of the founders and administrative bodies, in addition to follow-up and supervision procedures and the existence of penalties for violations of the cooperative societies which are mitigating factors that contribute to reducing the concealment of ownership by using nominees. Accordingly, the threat level is assumed as less significant (level 1) . |
| Associations | Bearer shares and bearer share warrants are not applicable. According to the qualitative analysis regarding the concealment of ownership, it was found that the law of associations and the specific system of the provisions of the statutes impose the declaration and disclosure of the founders as well as procedure for electing administrative bodies in addition to follow-up and supervision procedures and the existence of penalties for violations of the associations which are mitigating factors that contribute to reducing the concealment of ownership by using nominees. Accordingly, the threat level is assumed as less significant (level 1) . |
| Waqf | Bearer shares and bearer share warrants are not applicable According to the qualitative analysis regarding the concealment of ownership and management and taking into consideration the special natural of waqf , in particular the fact that only descendants of the endower are entitled to be appointed as beneficiaries which are mitigating factors that contribute to reducing the concealment of ownership by using nominees. Accordingly, the threat level is assumed as less significant (level 1) . |

2.3. Assessment of vulnerability

The concept of vulnerabilities according to the FATF comprises those things that can be exploited by the threat or may support or facilitate the threat. Looking at vulnerabilities as distinct from threat with regard to legal vehicles means focussing on one hand on factors that represent weaknesses and on the other on factors that may withstand the threat.

2.3.1 Risk exposure

According to the Jordan Risk Assessment Methodology, the risk exposure should be assumed to be **significant risk (level 3)**.

The results of the Jordan National Risk Assessment of money laundering risks showed that the overall level of money laundering risks in the Kingdom is “high” and the overall risk level of terrorist financing in the Kingdom is “medium”. In general, the result of assessing the overall level of anti-money laundering and counter terrorist financing controls at entities subject to regulation showed that they are “very good”.

The following are some of the legal forms that the assessment for their level of risk exposure and the extent to which they could be misused by criminals, based on their characteristics that led to their assessment, shows different level than significant risk (level 3) and as follows:

Associations: Are subject to follow-up and supervision of (Associations Registry - Ministry of Social Development) along with the follow-up and supervision of the competent ministry that each association falls under. There are effective and strict requirements regarding the oversight and governance of associations.

Each association must deposit all its funds with banks operating in Jordan, and its accounts do not enjoy banking secrecy when facing any inquiry submitted in this regard by the competent minister or the registrar. In addition, banks are exerting enhanced due diligence towards associations and specifying the necessary period for updating their data and subjecting all their financial transactions to enhanced monitoring.

Associations should maintain financial records that show their revenues and expenditures, submit an audited financial budget, and make it available for inspection by authorities at any time. In addition, they are obligated to verify their beneficiary owners.

According to the fund raising system, the process of obtaining foreign funding requires prior approval from the Council of Ministers.

Associations are not allowed to carry out activities outside Jordan. In addition to the existence of scrutiny and enhanced monitoring of the activities and work of associations that operate near the border conflict areas with the Kingdom.

Accordingly, there is difficulty to exploit this legal form in money laundering or terrorist financing operations. The level of risk exposure for this legal form is assumed to be **moderately significant (level 2)**.

Waqf: The proceeds of the waqf are used for religious and charitable purposes not for the purpose of individual profit and it can never be disposed of or sold, the waqf is permanent and irreversible in nature, and the financial allocations are managed directly by the Ministry of Awqaf and Islamic Affairs and Holy Places, as this legal form is subject to its supervision, and the beneficiaries of the waqf revenues are appointed by the regulatory and supervisory authority. There are effective and binding requirements with regard to oversight and governance in the legislation related to waqf.

In the event of serious financial violations according to the law, the director of waqf is dismissed.

Each trustee must open a bank account for depositing the waqf revenues. Banks are exerting an enhanced due diligence toward waqf and specify the period necessary to update its data and subject all its financial operation to enhanced monitoring.

A private waqf must have a certified auditor. The trustees are obligated to keep records that enable the real beneficiary to be known, and the beneficiaries of the endowment must be determined through the court and with the approval of the Ministry of Awqaf and Islamic Affairs and Holy Places and the Department of the Chief Justice, and if the endowment is real estate, it must be registered with the Department of Lands and Surveys.

Accordingly, there is difficulty to exploit this legal form in money laundering or terrorist financing operations. the level of risk exposure for this legal form is assumed to be **moderately significant (level 2)**.

2.3.2 Risk awareness

According to the Jordan Risk Assessment Methodology the risk awareness should be assumed to be moderately significant risk (level 2). The following legal form-specific peculiarities exist:

Public Shareholding Companies: Information on how to establish this legal form and the instructions regarding the requirements for establishing and registering it are available to the public through the Companies Control Department website and Securities Depository Center (SDC) website, as both can be used to conduct searches through various options, including the name of the company, the name of the shareholder, the national number of the company, and the national number of the shareholder. Information regarding Listed Public Shareholding Companies (ownership data, management data, any of the fundamental amendments matters that occur in the company, including the change of ownership or members of the board of

directors in addition of audited annual and semi-annual financial statements) is available and updated. This information is accessible to public through the Securities Depository Center (SDC) website and/or the website of Amman Stock Exchange.

With regard to the level of awareness of the risks of this legal form for obliged entities, it is assumed to be **less significant (level 1)**.

Waqf: The approval of the Ministry of Awqaf s and Islamic Affairs and Holy Places is obtained when establishing a waqf argument in one of the Sharia courts and when changing the beneficiaries of the waqf. Whereas the identity of the founder of the waqf is verified, and the sharia judge evaluates the person in terms of eligibility and qualification In addition, the founder of the waqf must open a bank account and appoint a certified external auditor.

As for the real beneficiary information, the information related to the waqf and the parties related to them is kept in the waqf registration section and remains available to all authorities upon request including (law enforcement authorities, supervisory authorities, and the FIU). It is obtained by the Ministry when requested manually, and the guardian of waqf is required to provide real beneficiary information when dealing with any of the obliged entities, nevertheless waqf is considered not commonly used.

With regard to the level of awareness of the risks of this legal form for obliged entities it is assumed to be **significant (level 3)**.

Cooperatives :The Jordanian cooperative legislation defines the cooperative society and the legislation governing cooperative society's work, and provides information on (the name of the cooperative society, the number and date of registration, the number of members), moreover the cash amounts collected from the founders of cooperative society are deposited in the bank by preparatory committee. Whereas in relation to the real beneficiary information it is provided to the authorities upon request, where a file is opened for each cooperative society and the beneficiary information is kept in the file and submitted if requested manually (information is not published). With regard to the level of awareness of the risks of this legal form for obliged entities, it is assumed to be **significant level 3**.

2.3.3 Legal vehicle specific vulnerability

The suitability of certain legal vehicles for being misused for ML/TF may vary significantly, based on the specific legal requirements for a legal vehicle. Certain characteristics of a specific legal form may be exploited by ML/TF threats, so that some legal vehicles may be more easily exploited than others.

In particular, the following were assessed:

- Formation: identification of management and legal and beneficial owners, level of involvement of party representatives
- Economic costs of formation and change of ownership (fees for lawyers, notaries or registrars)
- Economic costs of ongoing continuation (fees for auditing accounts, internal costs for governance requirements e.g. supervisory board, internal audit)
- Safeguards which exist in compulsory liquidation proceedings and bankruptcy proceedings, which prevents the former owner of the company to repossess assets below market value

A descriptive analysis was made and the following table summarizes that analysis:

| Legal form | Legal Requirements for Formation | The Economic Costs | The Costs of Continuation of Business | Safeguards which Exist in Compulsory Liquidation and Bankruptcy Proceedings | Level |
|--|----------------------------------|--------------------|---------------------------------------|---|----------------------------|
| Limited Liability Company (CCD) | High | Very low | Medium | High | moderately significant (2) |
| Limited Liability Company (JFDZ) | High | High | Medium | High | less significant (1) |
| General Partnership Company (CCD) | High | Very low | Low | High | moderately significant (2) |
| General Partnership Company (JDFZ) | High | High | Medium | High | moderately significant (2) |
| Limited Partnership Company (CCD) | High | Very low | Low | High | moderately significant (2) |
| Limited Partnership Company (JFDZ) | High | High | Medium | High | moderately significant (2) |
| Public Shareholding Company | High | Medium | High | High | Less significant (1) |
| Private Shareholding Company | High | Low | Medium | High | Moderately significant (2) |
| For offshore, civil and not for profit it depends on its registered legal form and an average level was calculated which in general have a moderately significant vulnerability. | | | | | Moderately significant (2) |
| Cooperatives | Medium | Very low | Medium | Medium | Moderately significant (2) |
| Associations | High | Very low | low | Medium | Moderately significant (2) |
| Waqf | High | Very low | Medium | Medium | Moderately significant (2) |

2.4 Consideration of risk mitigating effects

Finally measures already implemented, which may reduce the likelihood that the identified ML/TF threats and the related vulnerabilities result in consequences. Consequences according to the methodology may be events, were criminals successfully execute one of the base scenarios. Given the challenges in determining or estimating the consequences of ML and TF in the risk assessments of legal vehicles, the assessment focuses on threats, vulnerabilities and risk mitigating effects. The overall risk after risk mitigating effects will also show, as a proxy, the potential consequences of the execution of the base scenarios with regard to certain legal forms¹¹. Thus, the following risk mitigating effects were considered.

2.4.1 Legal requirements upon transfer of ownership/beneficial interest

The probability of consequences may be significantly reduced, when there are strict requirements on the transfer of ownership/beneficial interest. With respect to similar legal arrangements (waqf) requirements with regard to an exchange of beneficiaries and with regard to additional founders, setters (who donate additional funds) was analysed. In particular, the following elements were considered:

- Requirements on the change of ownership.

¹¹ FATF (2013), FATF Guidance on Money Laundering and Terrorist Financing Risk Assessment, Paris, page 8 https://www.fatf-gafi.org/media/fatf/content/images/National_ML_TF_Risk_Assessment.pdf

- Involvement of legal professional (e.g. lawyers, notaries) or public bodies.
- Identification of the new owner/beneficiary/settlor.

| | |
|--|--|
| Limited Liability Company (CCD and JFDZ) | |
| General partnership Company (CCD and JFDZ) | According to the descriptive analysis it was found that the probability of consequences is significantly reduced, since there are sufficiently strict formal requirements on the transfer of ownership, legal professionals or the companies general controller have to be involved and an identification of the new owner is required before the transaction becomes effective. |
| Limited partnership Company (CCD and JFDZ) | ** The ownership transfer of securities for Public Shareholding is done through involvement of Securities Depository Center and identification of the new owner is also guaranteed through the CDD measures of financial services companies. |
| Public Shareholding Company** | Therefore, we assume that the level of risk mitigating effect as follow: High (level 1) |
| Private shareholding Company | |
| Offshore Company | Various legal forms may be used, which have to be considered. |
| Civil Company** | The analysis shows, that the risk mitigating effect cannot be calculated for those types as previous types. Therefore, the average risk mitigating effect for aforementioned legal vehicles, which may be used for those types, have to be calculated. For that purpose, the levels for the applicable legal forms have been considered. |
| Not for profit Company | **The provisions of the civil law and the special laws that organize a certain profession has been considered for Civil Companies. |
| | <ul style="list-style-type: none"> • Therefore, we assume that the level of risk mitigating effect as follows: High (level 1) |
| Cooperatives | According to the descriptive analysis it was found that the probability of consequences is reduced, since there are formal requirements on the transfer of ownership, the form must be signed before a representative from the Jordan Cooperative Corporation, but an identification of the new member is not required before the transaction becomes effective. |
| | <ul style="list-style-type: none"> • Therefore, we assume that the level of risk mitigating effect as follows: Medium (level 2) |
| Associations | <p>Note: Because of the fact that associations do not have any legal owners, this risk mitigation effect has been calculated based on the members of the administrative body.</p> <p>According to the descriptive analysis it was found that the probability of consequences is significantly reduced, since there are sufficiently strict formal requirements on the transfer of ownership, the process of electing the members of the new governing body of any association is regulated and supervised by the associations register and identification of the new member of the administrative board is required before the transaction becomes effective.</p> |
| | <ul style="list-style-type: none"> • Therefore, we assume that the level of risk mitigating effect as follow: High (level 1) |
| Waqf | According to the descriptive analysis it was found that the probability of consequences is significantly reduced, since there are sufficiently strict requirements on the change of guardian or the beneficiaries and on the identification of new guardian or the beneficiaries. And involvement of the court and the approval of the Ministry of Awqaf s and Islamic Affairs and Holy Places and the Department of the Chief Justice, in the change process is mandatory. |
| | <ul style="list-style-type: none"> • Therefore, we assume that the level of risk mitigating effect as follow: High (level 1) |

2.4.2. Governance Requirements:

The probability of consequences may be significantly reduced, when there are appropriate checks and balances within the law of associations for legal vehicles. In particular, the following elements were considered:

- Minimum number of persons responsible for management of a legal vehicle.
- Auditing requirements.
- Checks and balances within the legal vehicle/supervisory body.
- Supervision.

| | |
|--|--|
| Limited Liability Company (CCD and JFDZ) | <p>According to the descriptive analysis it was found that the probability of consequences is moderately reduced, while there are no mandatory provisions for having more than one person in the management, there is an obligation to appoint a certified auditor, and there are sufficient controls in place, and comprehensive supervision exists in place by the CDD and JFDZ in certain instances specified by law.</p> <ul style="list-style-type: none"> • Therefore, we assume that the level of risk mitigating effect as follow: Medium (level 2) |
| General partnership Company (CCD and JFDZ) | <p>According to the descriptive analysis it was found that the probability of consequences is reduced to some extent, since there are no mandatory provisions to have more than one person of the management, the obligation to appoint a certified auditor is based on the capital of the partnership, partners or the authorized person are prohibited from performing certain actions that could harm the partnership and are jointly and severally liable for all the Partnership's debts and liabilities with their private properties, which is considered as appropriate checks and balances requirements. There is no supervision of the on-going business by CCD and JFDZ but in case of violation the general controller has the authority to cancel its registration.</p> <ul style="list-style-type: none"> • Therefore, we assume that the level of risk mitigating effect as follow: Low (level 3) |
| Limited partnership Company (CCD and JFDZ) | <p>Almost everything that applies to a general partnership is applied to the limited partnership except for the existence of limited partners who's responsibility are limited to the contributed capital, which was reflected in the rating.</p> <ul style="list-style-type: none"> • Therefore, we assume that the level of risk mitigating effect as follow: Low (level 3) |
| Public Shareholding Company | <p>According to the descriptive analysis it was found that the probability of consequences is significantly reduced, since there are mandatory provisions that there must be more than one person of the management, there is an obligation to appoint a certified auditor and there is a supervisory body as part of the board, . There are Strict requirements regarding oversight, governance and dividend distribution in the legislation and binding on companies and comprehensive supervision exists in place by the CCD and JSC in certain instances, specified by law.</p> <ul style="list-style-type: none"> • Therefore, we assume that the level of risk mitigating effect as follow: High (level 1) |
| private shareholding Company | <p>According to the descriptive analysis it was found that the probability of consequences is moderately reduced, while there are no mandatory provisions for having minimum number of persons in the management, there is an obligation to appoint a certified auditor, there are effective requirements regarding oversight, governance and dividend distribution in the legislation and binding on companies, there is a comprehensive supervision in place by the CCD in certain instances, specified by law.</p> <ul style="list-style-type: none"> • Therefore, we assume that the level of risk mitigating effect as follow: Medium (level 2) |
| Offshore Company | <p>Various legal forms (LLC, Private shareholding company, public shareholding company) may be used, which have to be considered so that the risk mitigating effect cannot be calculated as such. Therefore, the average risk mitigating effect for the legal vehicles, which may be used most commonly for an offshore company, has to be calculated. For that purpose, the risk mitigating effects for the aforementioned legal vehicles have been considered.</p> <ul style="list-style-type: none"> • Therefore, we assume that the level of risk mitigating effect as follows: Medium (level 2) |
| Civil Company | <p>Various legal forms (LLC, / general partnership, limited partnership / private shareholding /public shareholding) may be used, which have to be considered besides the provisions of the civil law and the special laws that organize a certain profession.</p> <p>The analyses shows that the risk mitigating effect cannot be calculate for the Civil Companies as such. Therefore, the average risk mitigating effect for the legal vehicles, which may be used most commonly for a Civil Company,</p> |

| | |
|------------------------|--|
| | <p>has to be calculated. For that purpose, the risk mitigating effects for the aforementioned legal vehicles have been considered. In addition, it has been considered, that Civil Companies are subject to specific restriction and supervision, such as Bar Association and the Association of Accountants.</p> <ul style="list-style-type: none"> • Therefore, we assume that the level of risk mitigating effect as follows: Medium (level 2). |
| Not for profit Company | <p>Various legal forms (LLC / general partnership/ limited partnership / private shareholding public shareholding company) may be used, which have to be considered so that the risk mitigating effect cannot be calculated as such. Therefore, the average risk mitigating effect for the legal vehicles, which may be used most commonly for a not for profit company, has to be calculated. For that purpose, the risk mitigating effects for the aforementioned legal vehicles have been considered.</p> <ul style="list-style-type: none"> • Therefore, we assume that the level of risk mitigating effect as follows: Medium (level 2). |
| Cooperatives | <p>According to the descriptive analysis it was found that the probability of consequences is significantly reduced, since there are mandatory provisions for having at least three persons of the management, there is an obligation to appoint a certified auditor, there are effective requirements regarding oversight, governance in the legislation and binding on cooperatives, there is a comprehensive supervision in place by the Jordan Cooperative Corporation in certain instances, specified by law.</p> <ul style="list-style-type: none"> • Therefore, we assume that the level of risk mitigating effect as follow: High (level 1). |
| Associations | <p>According to the descriptive analysis it was found that the probability of consequences is moderately reduced, since there are mandatory provisions for having at least five persons of the management, there is an obligation to appoint a certified auditor depending on the size of the association, there are effective requirements regarding oversight, governance and there are requirements regarding a governing body depending on the size of association in the legislation and binding on associations , there is a comprehensive supervision in place by the Register of Association in certain instances, specified by law.</p> <ul style="list-style-type: none"> • Therefore, we assume that the level of risk mitigating effect as follow: Medium (level 2). |
| Waqf | <p>According to the descriptive analysis it was found that the probability of consequences is moderately reduced, while there are no mandatory provisions for having minimum number of persons in the management (Guardians), there is an obligation to appoint a certified auditor for Awqaf with financial revenues, there are effective requirements regarding oversight, governance in the legislation and binding on waqf, there is a comprehensive supervision in place by Directorate of Internal Control and the Directorate of Finance in the Ministry of Awqaf and Islamic Affairs and Holy Places in certain instances, specified by law.</p> <ul style="list-style-type: none"> • Therefore we assume that the level of risk mitigating effect as follow: Medium (level 2) |

2.4.3. Availability of Beneficial Ownership Information (Alternative Mechanism)

It was assessed if information on the beneficial ownership, in case it is already stored by registrars in an electronic format or analogue format by registrars, can be assessed by the relevant stakeholders. In particular, the following were assessed:

- Source and Scope of BO information for authorities and obligated entities.
- Responsiveness.
- Measures to ensure quality of beneficial owner data.
- Obligation for legal vehicles verify their beneficial owner information.

| | |
|--|--|
| <p>Limited Liability Company (CCD and JFDZ)</p> <p>General partnership Company (CCD and JFDZ)</p> <p>Limited partnership Company (CCD and JFDZ)</p> <p>Private shareholding Company</p> <p>Offshore Company</p> <p>Civil Company</p> <p>Not for profit Company</p> | <p>According to the descriptive analysis it was found that the probability of consequences is reduced to some extent, since there is an appropriate access for competent authorities to BO information through different sources some on request and some through access on databases, which are used in practice. When there is an access on request, it was noted that the respond does not take longer than two working days for CCD and 48 working hours for JFDZ. The new regulation for the Beneficial Owner Register will include sufficient measures to ensure quality of beneficial owner data; the data is adequate, accurate and up-to-date and that an obligation is introduced for companies to verify their beneficial owner information, which seems to be reasonable. However, work is in progress, and sanctions are not fully effective in practice yet, so that the full effect may not be shown in this assessment. When the beneficial owner register is implemented, the full effect will be shown in a future assessment.</p> <ul style="list-style-type: none"> • Therefore, we assume that the level of risk mitigating effect as follow: Low (level 3) |
| <p>Public Shareholding Company</p> | <p>In addition to what was mentioned above a number of additional safeguards do exist. For that reason, the assessment of limited liability companies was used as a starting point and some modifications were made, because of the following:</p> <p>Information regarding Listed Public Shareholding Companies (ownership data and management data) is available and updated. This information is accessible to public on the Securities Depository Center (SDC) and Amman Stock Exchange (ASE) website. So an additional, rapid source of information exists. In addition, additional sanctions exist, for not providing information and updating information.</p> <ul style="list-style-type: none"> • Therefore, we assume that the level of risk mitigating effect as follow: Medium (level 2) |
| <p>Cooperatives</p> | <p>According to the descriptive analysis it was found that the probability of consequences is reduced to some extent, since there is an appropriate access for competent authorities and obligated entities to BO information on request, but the responsiveness is low. Verification of natural persons is already done by cooperatives and the Jordan Cooperative Cooperation. but there are no sanctions in practice</p> <ul style="list-style-type: none"> • Therefore, we assume that the level of risk mitigating effect as follow: Low (level 3) |
| <p>Associations</p> | <p>According to the descriptive analysis it was found that the probability of consequences is reduced to some extent, since there is an appropriate access for competent authorities to BO information on request, which however is rarely used in practice. When there is an access on request, it was noted that the respond does not take longer than 3 working days. Obligated entities may access the information on request from the associations register or by the alternative approach from associations themselves.</p> <p>Associations are already obligated to verify their beneficial owners. There is an effective supervision in place which ensures the quality of beneficial owner information, but there are no sanctions in practice.</p> <ul style="list-style-type: none"> • Therefore, we assume that the level of risk mitigating effect as follow: Low (level 3) |
| <p>Waqf</p> | <p>According to the descriptive analysis it was found that the probability of consequences is significantly reduced, since there is an appropriate access for competent authorities to BO information on request, which however is rarely used in practice. When there is an access on request, it was noted that the respond does not take longer than two working days. Obligated entities may access the information on request from the Ministry of Awqaf s and Islamic Affairs and Holy Places or by the alternative approach. There is an effective supervision in place which ensures the quality of beneficial owner information, but there are no sanctions in practice. Waqfs are already obligated to verify their beneficial owners and to provide a yearly update.</p> <ul style="list-style-type: none"> • Therefore, we assume that the level of risk mitigating effect as follow: Low (level 3) |

3- Summary of Results of LPs / LAs Risk Assessment:

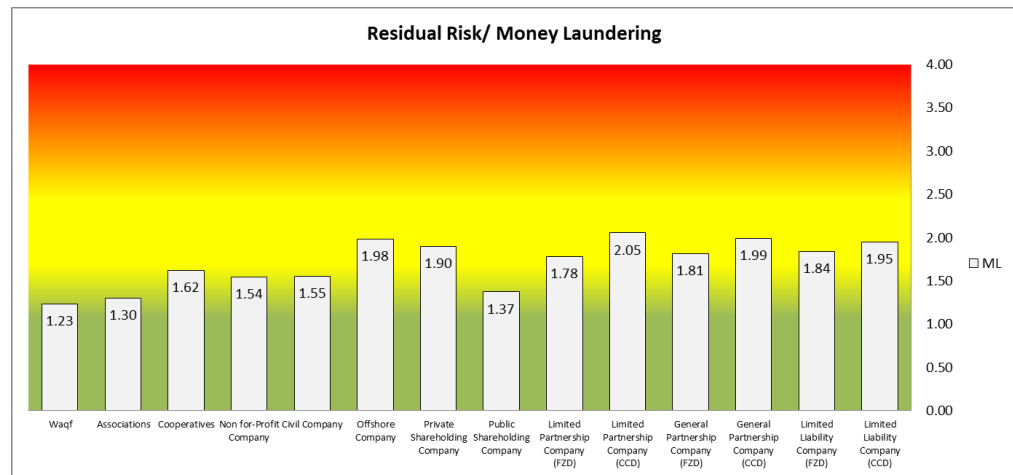
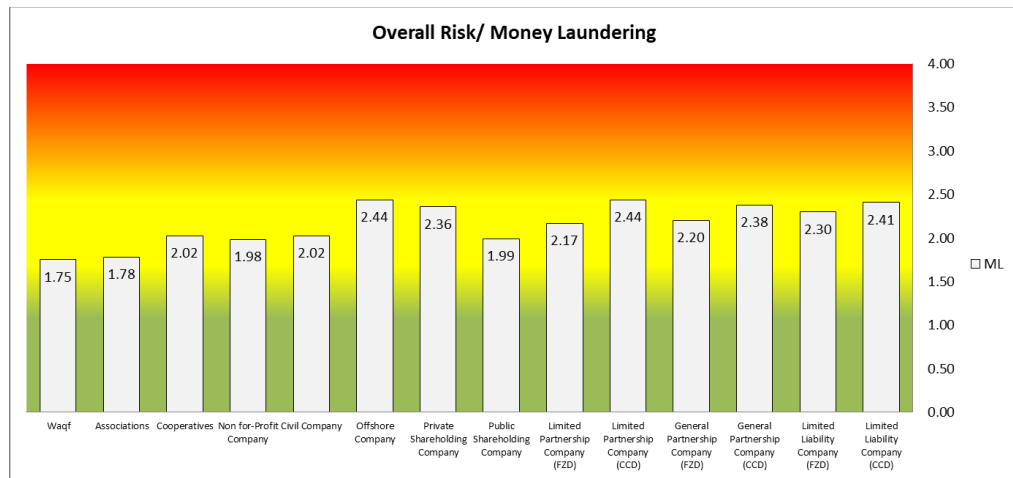
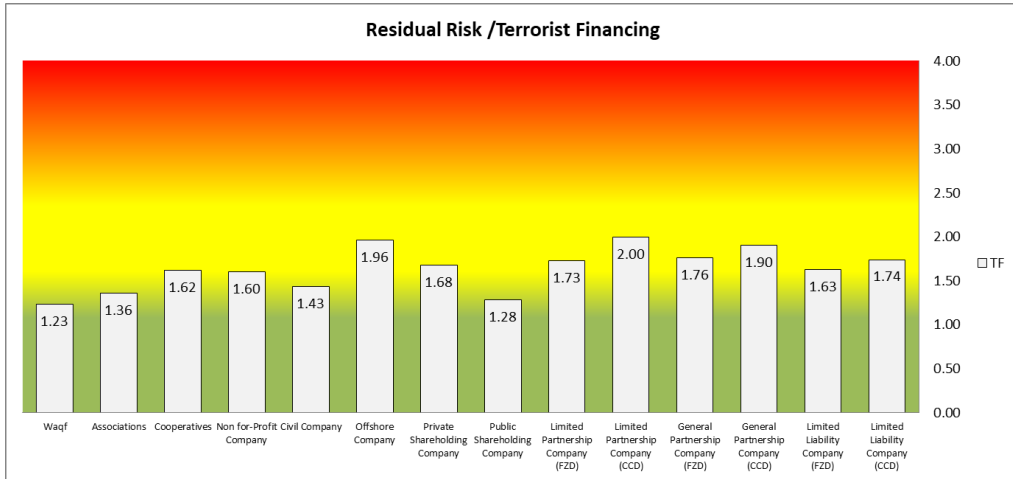
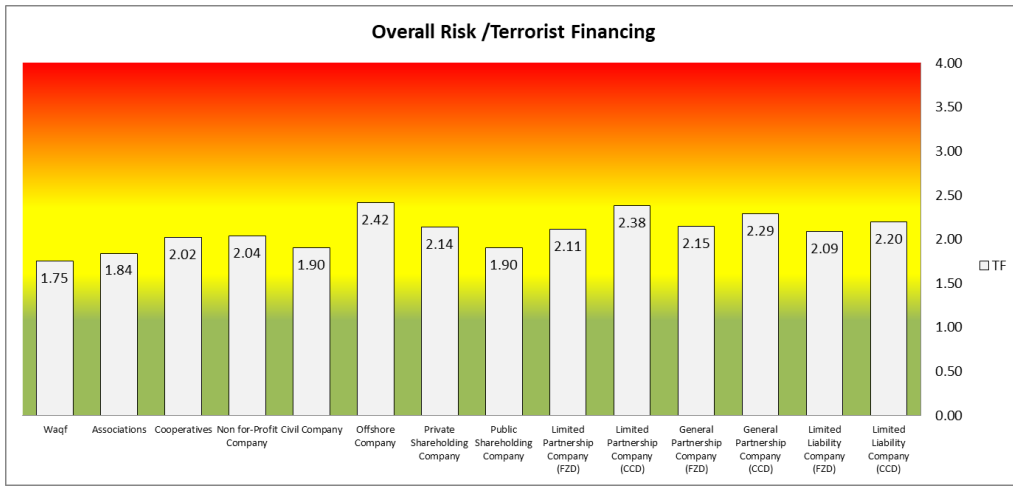
The overall risk and the residual risk were calculated on the level of each legal vehicle (refer to matrix in Annex¹) and the following table shows the summary of the results of LA/LP s risk assessment:

| Legal Type | Threat | | Vulnerability | Overall risk | | Risk-mitigating measures | Residual risk | |
|-----------------------------------|--------|------|---------------|--------------|------|--------------------------|---------------|------|
| | TF | ML | TF/ML | TF | ML | | TF | ML |
| Limited Liability Company (CCD) | 2.20 | 2.71 | 2.20 | 2.20 | 2.41 | -0.46 | 1.74 | 1.95 |
| Limited Liability Company (FZD) | 2.60 | 3.11 | 1.75 | 2.09 | 2.30 | -0.46 | 1.63 | 1.84 |
| General Partnership Company (CCD) | 2.20 | 2.41 | 2.35 | 2.29 | 2.38 | -0.38 | 1.90 | 1.99 |
| General Partnership Company (FZD) | 2.51 | 2.65 | 1.90 | 2.15 | 2.20 | -0.38 | 1.76 | 1.81 |
| Limited Partnership Company (CCD) | 2.43 | 2.56 | 2.35 | 2.38 | 2.44 | -0.38 | 2.00 | 2.05 |
| Limited Partnership Company (FZD) | 2.43 | 2.56 | 1.90 | 2.11 | 2.17 | -0.38 | 1.73 | 1.78 |
| Public Shareholding Company | 2.43 | 2.65 | 1.55 | 1.90 | 1.99 | -0.62 | 1.28 | 1.37 |
| Private Shareholding Company | 2.26 | 2.81 | 2.05 | 2.14 | 2.36 | -0.46 | 1.68 | 1.90 |
| Offshore Company | 2.75 | 2.80 | 2.20 | 2.42 | 2.44 | -0.46 | 1.96 | 1.98 |
| Civil Company | 1.38 | 1.68 | 2.25 | 1.90 | 2.02 | -0.47 | 1.43 | 1.55 |
| Not for Profit Company | 1.73 | 1.58 | 2.24 | 2.04 | 1.98 | -0.44 | 1.60 | 1.54 |
| Cooperatives | 1.00 | 1.00 | 2.70 | 2.02 | 2.02 | -0.40 | 1.62 | 1.62 |
| Association | 1.15 | 1.00 | 2.30 | 1.84 | 1.78 | -0.48 | 1.36 | 1.30 |
| Waqf | 1.00 | 1.00 | 2.25 | 1.75 | 1.75 | -0.52 | 1.23 | 1.23 |

Scales of Level of threat, vulnerability or risk, Level of Compliance and Strength of risk mitigating effects

| Level of threat, vulnerability or risk | | Level of Compliance | | Strength of risk mitigating effects | | |
|--|----------|---------------------|----------|-------------------------------------|----------|-----------|
| less significant (level 1) | 1-1,5 | High (level 1) | 1-1,5 | High (level 1) | 1-1,5 | 0.56-0.75 |
| moderately significant (level 2) | 1,51-2,5 | medium (level 2) | 1,51-2,5 | medium (level 2) | 1,51-2,5 | 0.36-0.55 |
| significant (level 3) | 2,51-3,5 | low (level 3) | 2,51-3,5 | low (level 3) | 2,51-3,5 | 0.16-0.35 |
| very significant (level 4) | 3,51-4 | very low (level 4) | 3,51-4 | very low (level 4) | 3,51-4 | 0-0.15 |
| Maximum effect -0,75 | | | | | | |

All legal forms identified as posing medium to low ML/TF residual risk, where the limited partnership companies registered at CCD pose the highest residual risk level (almost Residual Risk =2) and in contrast, waqf pose the lowest residual risk level in terms of money laundering and terrorist financing (Residual Risk=1.23), and the rest of legal forms were distributed in between.



4- Recommendations:

From the assessment the following recommendations have been derived, which will further reduce the risk that legal vehicles will be misused for money laundering or terrorist financing:

Obligated entities:

- Obligated entities should familiarize themselves with the results of the risk assessment and pay specific attention to legal entities and arrangements where higher residual risk were identified or where a threat scenario has been identified.
- Obligated entities should take into account the results of this risk assessment in their AML/CFT self-assessments, in particular high risk countries in addition to high risk economic activities and the different levels of residual risks. They may also include cases of lower threat, vulnerability etc.
- Obligated entities should take care if any informal nominee arrangements may exist by making judgment, based on specific indicators and circumstances and to consider this factor to make appropriate decisions about the level of ML/TF risk associated with the customer and distinguish between different situations in the extent of the measures applied, according to the ML/TF risks they present.
- Once established and access is granted, obligated entities should take insight into the electronic BO Register, when establishing a new business relationship and to update the data of the BO.

Competent Authorities:

- Conduct outreach to obliged entities and competent authorities for the dissemination of the results of the National Risk Assessment of LA/LP.
- Competent authorities should continue to carry out awareness raising activities to ensure compliance with BO obligations. In particular, they should keep paying particular attention for implementation of the obligation for the obliged entities to verify the due diligence information through independent, reliable and impartial sources.
- Competent authorities should increase checks of the application of customer due diligence measures of obligated entities with regard the beneficial owner information, and pay specific attention to the process and the forms used and may also verify the beneficial owner identified in random samples.
- Competent authorities should consider amending regulations for obligated entities related to the customer due diligence requirements for legal persons to include in their forms a question with regard to the existence of nominee arrangements in the chain of participation and check the answers received.
- Competent authorities, the FIU, and Register Authorities should intensify cooperation and expand data connection and information sharing in order to discover new threat scenarios observed and develop risk-mitigating measures

Anti-Money Laundering and Counter Terrorist Financing Unit (FIU):

- FIU should continue to pay specific attention to STR/SARs where legal entities or arrangements are involved, in order to discover new threat scenarios.

Register Authorities:

- Register authorities should consider the results of the risk assessment of LA/LP in their supervision approach.
- CCD and JFDZ overwork the BO disclosure form in order to include nominee arrangements explicitly and remind on fines for not disclosing them. In addition, they should, bearing in mind that the real beneficiary bylaw has recently come into force, intensify follow-up and audit procedures and activate the penalties contained with regard to non-disclosed nominee arrangements therein. Reporting rates of reported nominee arrangements should be closely monitored. Finally, they should inform legal persons and legal arrangements on the concept of nominee shareholders and directors and the obligation to report them to the register should be highlighted.
- CCD and JFDZ should develop measures to ensure that beneficial owner data reported to CCD, JFDZ is adequate, accurate and up-to-date and should be made more effective.

- CCD and JDFZ should continue to place restrictions on companies so that companies cannot make any modification or change to their contract or ownership structure, and they cannot deposit their financial statements, (or to renew their rental contract in the free zones) except when updating their data and disclosing the real BO.
- CCD and JDFZ should strengthen their supervision of ongoing business of General partnership Companies and Limited partnership Companies.
- In future, after a methodology for the assessment of foreign legal persons, trusts and trust like arrangements with sufficient links is available, an assessment should be done and an update of this risk assessment should be performed.

Setup of Beneficial Owner Register:

- Continue efforts to complete developing electronic BO register according to Article (7/a) and (7/b) of Beneficial Ownership Register bylaw No. (62) Of the year 2022 that shall be established in the CCD, which should include information, data and documents related to the real beneficiaries of companies registered in the Kingdom that will depend on the disclosures submitted by companies to the register.
- When setting up the beneficial owner register, it should be ensured that the following data on the geographical risk is available electronically for all legal vehicles:
 - Beneficial owners: domicile and citizenship of beneficial owner.
 - Legal owners: domicile and citizenship of natural persons or legal persons (legal form and country of registered office).
 - Management: nationality, country of residence.
- When setting up the beneficial owner register, it should be ensured that the high-risk activity “import/export and international trade” is recorded in a more granular way.

Annex 1: Calculation of risk- matrix - Example

The overall risk and the residual risk were calculated on the level of each legal vehicle, according to the following matrix.

Limited liability company/CCD

| Threat | TF | ML | risk weight |
|---|-------------|--------------|---|
| Threat level according to scenarios | 2 | 4 | 30% |
| Geographical threat | 2 | 1.67 | 25% |
| Domicile and Citizenship of beneficial owner | 2 | 1 | |
| Domicile and Citizenship of owners | 2 | 2 | |
| Domicile and Citizenship of management | 2 | 2 | |
| Economic threat | | 2 | 15 % |
| Potential concealment of beneficial ownership | | 2.66 | 30% |
| Threat | 2.2 | 2.71 | risk weight |
| Vulnerability | | TF/ML | |
| Risk exposure | | 3 | 20% |
| Risk awareness | | 2 | 20% |
| Legal vehicle specific vulnerability | | 2 | 60% |
| Vulnerability | | 2.2 | |
| Overall risk | 2.2 | 2.41 | threat 40% vulnerability 60% |
| Risk-mitigating measures | | -0.46 | |
| Legal requirements upon transfer of legal ownership/beneficial interest | | 1.33 | 30% |
| Governance requirements and supervision | | 2 | 30% |
| Availability of beneficial ownership information (alternative approach) | | 2.91 | 40% |
| Residual Risk | 1.74 | 1.95 | |