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Second Follow Up Report for the Hashemite Kingdom of Jordan

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2nd Follow-up Report of the Hashemite Kingdom of Jordan (Jordan)

1. The purpose of this paper is to introduce the second follow-up report of the Hashemite Kingdom of Jordan (Jordan) concerning the corrective actions it has taken and applied regarding the deficiencies that were identified in its mutual evaluation report (MER). The mutual evaluation of Jordan was adopted by the 9th MENAFATF Plenary on 19 May 2009. Jordan was rated partially compliant with Recommendations 1, 5, 13 and SR II (and other recommendations) and non compliant with Special Recommendation IV (and other recommendations). As a result, Jordan was placed under the regular follow-up process. In total, Jordan was rated partially compliant and non-compliant with 36 Recommendations, as indicated below:

Partially Compliant	Non Compliant
1. ML offence	12. DNFBP – R.5, 6, 8-11
3. Confiscation and provisional measures	16. DNFBP – R.13-15 & 21
5. Customer due diligence	19. Other forms of reporting
6. Politically exposed persons	20. DNFBPs and secure transactions techniques
9. Third parties and introducers	25. Guidelines & Feedback
11. Unusual transactions	32. Statistics
13. Suspicious transaction reporting	SR.I Implement UN instruments
15. Internal controls, compliance & audit	SR III Freeze and confiscate terrorist funds
21. Special attention for higher risk countries	SR IV Suspicious transaction reporting
22. Foreign branches & subsidiaries	SR.V International Cooperation
23. Regulation, supervision and monitoring	SR. IX Disclosure and declaration of cross border transactions
24. DNFBP - regulation, supervision and monitoring	
26. The FIU	
27. Law enforcement authorities	
30. Resources, integrity and training	
31. National cooperation	
33. Legal persons – beneficial owners	
35. Agreements	
36 – MLA	
38 – Mutual Legal Assistance regarding confiscation and freezing	
40. Other forms of co-operation	
SR.II Criminalize terrorist financing	
SR VI AML requirements for money/value transfer services	
SR VII Wire transfer rules	
SR. VIII Non-profit organizations	

2. Jordan has submitted the first Follow-Up Report to the 13th plenary meeting held in May 2011 (MF.11.P13.07.E(VI.0)). In brief, the 1st FUR contained the corrective measures taken in order to address the deficiencies set out in the mutual evaluation report for non-compliance or partial compliance with the Recommendations. The 1st FUR showed that Jordan has conducted many legislative reforms in order to enhance the AML/CTF regime by amending AML law by virtue of two provisional laws in 2010. In addition, Jordan has joined Palermo Convention and ratified the Protocol on Prevention, Suppression and Punishment of Human Trafficking and the Arab Convention on Combating Money Laundering and Terrorist Financing. It has also issued the Law on the Prevention

of Human Trafficking, and the new law of Associations by virtue of which many regulations and instructions were issued. The AML/CFT National Committee issued instructions to execute the obligations mentioned in UNSCR (1267) and (1373).

3. The Report also mentioned that the control and supervising authorities overseeing the FIs (banks, insurance companies, securities activities, financial leasing, money exchange activities) issued AML/CFT instructions; In addition to the issuance of the instructions related to goldsmithing and sale of jewelry shops and real estate offices. Furthermore, a guiding manual was issued to banks and licensed real estate offices, as well as a manual for each of the money exchange business, securities activities and jewelry and gem dealers. In addition, the unit issued in 2009 its regulations and signed many memoranda of understanding with a number of counterparts and with local entities. The previous report indicated the increase of human and material resources and more autonomy with respect to the financial and administrative matters of the unit, as well holding a number of training workshops.

4. Consequently, Jordan would have rectified many of the failings mentioned in the mutual evaluation report; and therefore, Jordan was required by the Plenary Meeting to submit the 2nd follow-up report, in the context of the regular follow-up process, to be presented to the 16th plenary meeting, inclusive of all the corrective measures taken.

Summary of the progress made by the Hashemite Kingdom of Jordan since May 2011:

5. The National Committee has acknowledged instructions (4) of 2011 related to the declaration of the cross border currency movement at its meeting held on 27/12/2011 and the instructions on controls and basis related to the reporting of transactions suspected of being related to money laundering and terrorist financing, on 1/2/2012. The Unit has also issued AML/CFT instructions to entities which are engaged in any of the financial activities stipulated in article 13-5 of the law, except financial leasing. The Communication Sector Organization Authority has issued, as well, AML/CFT guiding manual for securities activities, insurance activities, financial leasing and postal services. The Department of Lands and Survey issued on 12/8/2012 a decision to form a standing committee to detect and follow-up of the real estate agencies to verify their compliance with AML/CFT instructions.

6. As to AMLCU, the Jordanian Unit joined the EGMONT group on 11/7/2012 during its 20th Plenary Meeting. It has amended its work system, issued its annual report and signed many Memoranda of Understanding with many counterparts. It has also issued internal instructions related to the international regulations of the unit, where it has now 4 directorates: (1) Directorate of Investigation and Financial Analysis, (2) Directorate of Local and International Cooperation, (3) Directorate of Legal Affairs, (4) and Directorate of Administrative, Financial and Information Technology Affairs. The Unit issued instructions to inform reporting entities that the unit has received the STRs, and instructions of reporting forms and reporting manners. As well, it has also issued internal instructions on establishing and managing passwords for the records of entrance to the Unit and other instructions related to internal affairs and information security. The unit has also issued instructions with respect to filling the reporting forms on the suspected transactions to the authorities which are subject to the law provisions; and instructions on the means which ensure the provision of other supervisory entities and competent entities with any data or information available within the Unit database.

7. As to international cooperation, Jordan has issued law No. 5 of 2012 on the ratification of criminals' extradition between Jordan and France; and law No. 6 of 2012 on the ratification of the mutual legal assistance agreement relevant to penal matters between Jordan and France.

8. Concerning training, the authorities stated that the Institute of Banking Studies held 8 AML/CFT training sessions for banks and exchange institutions and signed a memorandum of understanding with CAMS. Many banks operating in Jordan held local and international AML/CFT training workshops for their employees; Jordan Central Bank conducted onsite inspection visits to examine the work of 15 licensed banks and verify their compliance with the combating instructions, review the records related to training programs made by them and to evaluate the conformity of training material with what the requirements of instructions. The authorities stated that the money exchange companies, financial mediation companies and insurance companies held specialized AML/CFT training workshops for their employees; in addition to training members of the unit and a number of judges and prosecutors.

Recommendation 1: The failings regarding ML offense were addressed by amending AML law, where the scope of predicate offenses was broadened; conviction of predicate offense is not a prerequisite to prove that the funds are illicit, while asserting that the AML law is the special law in this area. It is worth mentioning that a first ML conviction was issued in Jordan.

Recommendation 3: The failings regarding this recommendation were addressed through amendments made to the law, whereas such amendment included the provision for the confiscation sanction in terrorist financing crimes and in cross border currency transportation if they were associated to terrorist financing. The amended law also comprised specific authorities to be vested in the Public Prosecutor specialized in ML/TF crimes in addition to the authorities provided for in the Criminal Procedure Law.

Recommendation 5: The failings regarding this recommendation were addressed through the amendment of AML law and the introduction of TF in all the obligations mentioned therein, whereas the law covered the essential obligations related to the due diligence measures, such as prevention of dealing with customers with fictitious or anonymous names, identifying and verifying customer and beneficial owner, classifying the customers according to the risk degree. Instructions were also issued to banks and insurance companies by clearly referring to AML/CFT law which provides for the imposition of sanctions in case of breach thereof or in case of breach of the regulations, instructions of resolutions issued by virtue thereof. Comprehensive instructions were issued as well to the securities companies in 2010 and to financial leasing companies in 2011. In 2011, AML/CFT instructions were issued to entities engaged in any of the following financial activities: granting all types of credit, providing payment and collection services, issuing and managing payment and credit instruments, trading in monetary market instruments and capital market instruments whether for their account or the account of their customers, factoring with or without recourse and managing investments and financial assets on behalf of third parties.

In 2012, the AML/CFT instructions were issued to entities which provide postal services. Banks were prohibited from opening numbered accounts for customers; other financial institutions are not allowed to open numbered accounts due to their obligations of identifying the customer and of opening accounts. In addition, the circumstances under which the due diligence measures must be taken for all the financial sectors, the verification of the date from reliable sources in the insurance field, obtaining information on customer control - if the customer is legal person for insurance and money exchange companies - were all determined. Shortcoming related to identification of the provisions regulating the customer business if it is a legal person, and the determination of the nature and purpose of the business relationship for insurance and money exchange companies, on-going due diligence, expanding enhanced due diligence cases for money exchange companies, the completion of CDD measures after the establishment of the business relationship for banks and CDD towards existing customers upon the adoption of the obligations, were all rectified.

Recommendation 6: The failings regarding this recommendation were addressed as the law provides for paying special attention to customers or high risk transactions by applying a number of procedures, such as putting in place an AML/CFT risk management system, customer classification based on risk profile and the establishment of necessary procedures to deal therewith and by reviewing such classification periodically when there are changes that require so. Instructions were also issued to banks regarding high risk customers, which referred to the category of Politically Exposed Persons and the measures which must be taken in their regard. The instructions addressed to money exchangers included appropriate obligations in this regard. The Jordanian authorities stated that control and supervisory authorities overseeing the financial sector (Central Bank of Jordan, the Securities Authority and the Insurance Authority) are conducting inspection visits to the financial institutions which are subject to their control to verify the compliance of the concerned FIs with AML/CFT instructions in all aspects, and to verify also if they are determining whether the prospect customer, customer, or the beneficial owner belongs to any of the high risk customers categories and to include the same in the findings of the inspection report.

Recommendation 9: The instructions given to the securities companies and insurance companies complete the issue of third parties intermediaries with appropriate provisions.

Recommendation 11: Deficiencies related to this recommendation were addressed; as AML law and the instructions issued to insurance companies, after being updated and re-issued, ensure the imposition of the appropriate sanctions in case of breach of the obligations. Their requirements mentioned in the instructions addressed to exchange companies also meet requirements of R. 11.

Recommendation 12: The amended AML/CFT law comprised the addition of DNFBPs so they can be addressed by the obligations set out in the law (even if this does indirectly addresses lawyers, legal professionals, accountants and service providers). This was followed by the issuance of instructions to persons or entities dealing in precious metals and precious stones¹ and to persons or entities working and developing real estate trade². The said instructions include wide obligations that cover R. 5, 6, 8, 10 and 11. With the purpose of following up the compliance of the non-financial businesses and professions with their obligations, the instructions issued to the jewels and real estate sectors included that the accountants appointed by the jewelry shops and real estate agencies shall in addition to their tasks, verify, that they are complying with the provisions of AML/CTF law in force and with the provisions of these instructions; they shall verify the adequacy of the shop's policies and procedures related thereto and they shall include the findings in the annual report. No similar instructions were issued, which include the obligations of the lawyers, legal professionals, accountants and service providers in this regard.

Recommendation 13 and SR. IV: Deficiencies related to this Recommendation were addressed whereas the law in force was amended, by expanding the scope of predicate offence so as to comprise the misdemeanors and felonies sanctioned in the Kingdom; and consequently, the twenty offenses set out in the Methodology were also included. It was also stipulated that the AML/CFT unit shall be the only entity authorized to receive STRs; the unit stated that it has received 40 STRs from exchange companies. The unit became required, under the law, to provide a feedback to the reporting entities about receiving the STRs. The unit has also listed the statistics on the STRs in terms of their number and the entity which sent them, in its annual report for the years 2007 to 2011. The Unit's Annual Report for 2009 also included some cases reported to the unit which showed to the subject entities the techniques and tools used in such cases.

¹ AML/CFT instructions pertaining to goldsmithing and sale of jewelry, precious metals and stones' shops for the year 2010

² AML/CFT instructions pertaining to licensed real estate offices for the year 2010

Recommendation 15: The instructions issued to all financial sectors included an obligation to put in place appropriate internal regulations that comprise the internal policies, basis, procedures and controls which must be available for combating money laundering and terrorist financing, including the availability of a personnel or an appropriate mechanism to verify the compliance with the provisions of the AML/CFT law in force and with these instructions and the resolutions issued by virtue of either. The money exchange and securities companies were obliged to set up internal policies in order to apply the AML/CTF obligations, in addition to the provision of independence to the compliance officer. The fact remains, nonetheless, that such institutions shall be required to put in place screening procedures to ensure high standards when hiring employees. The instructions issued to all financial institutions provided for the need to pay special attention to AML/CFT training. Practically, the Institute of Banking Studies held many AML/CFT training workshops for banks employees and money exchange companies, in order to introduce them to the international recommendations and standards in this regard and to inform them about ML/FT trends and techniques, in addition to the importance of notifying the AML/CFT unit of the transactions suspected to be related to money laundering and terrorism financing. During 2011 and 2012, the Institute of Banking Studies held 8 training workshops for the bank sector and money exchange companies, which were attended by 179 participants. The Institute also signed a memorandum of understanding with ACAMAS, whereas the Institute prepared a qualification program in collaboration with 28 participants from various institutions of the banking sector in order to obtain CAMS certificate. The unit held as well bilateral meetings with entities subject to the provisions of the law whereas it has met, in 2011 and 2012, with reporting officers at banks, money exchange companies, financial brokerage companies, insurance companies, financial leasing companies and securities activities companies set out in the law, in addition to gold and jewelry dealers and owners of real estate offices, in the presence of representatives of control and supervisory authorities, each according to its competence, from the Central Bank of Jordan, Securities authority, Insurance Authority, Ministry of Industry and Trade, Companies Control Department and the Department of Lands and Survey; such meetings aimed at presenting the latest ML/TF developments.

Recommendation 16: The law distinguished between financial non-financial institutions and mentioned that the real estate offices are included in AML/CTF obligations; no executive instructions were issued to lawyers and accountants. The law also required all the persons that are subject to it, in general, with the reporting obligation. Therefore, it is not clear that there is an express obligation for lawyers and accountants in this regard. The real estate sector and jewelry sector were also required to set AML/CFT policies and mechanisms to verify compliance with the law requirements and the instructions in this regard. On the same note, there are no similar obligations imposed on lawyers and accountants. As to the designation of supervisory authorities which verify the compliance of such sectors with their AML/CTF obligations, the responsibility of such authorities is not clear yet, nor the way they perform their role. The AML/CTF unit prepared the reporting forms needed for the goldsmithing and sale of jewelry, precious metals and precious stones shops and the for the reporting form for real estate offices, in coordination with the competent supervisory authorities (these forms were amended in 2011 in order to reflect the terrorist financing). The unit held a meeting with the syndicate of the owners of goldsmithing and sale of jewelry, precious metals and precious stones shops with the syndicate of the real estate offices owners in the presence of the representatives of the Land and Survey Department, in order to increase AML/CFT awareness and the importance of reporting. In this regard, the unit prepared a brochure containing the powers of the unit and the obligations of the entities subject to the provisions of the AML/CFT law, and distributed around 100,000 copies of this introductory brochure in 2011 to all the financial and non-financial entities, including real estate dealers, gold and jewelry dealers, in coordination with the competent supervisory authorities which supervise such sectors. The jewelry and real estate sectors were bound to give special attention when dealing with persons who are in countries that do not have appropriate AML/CFT regulations.

Recommendation 19: Authorities stated that the Central Bank conducted a feasibility study on binding the financial institutions to report the financial operations which exceed a certain amount. This study concluded that there is no need to do so, particularly in the light of requiring banks to pay special attention to transactions which exceeds 20,000 Jordanian Dinars.

Recommendation 20: The law, after being amended, stated the possibility of enlarging the scope of institutions or entities which are subject to the obligations set out therein, upon a decision issued by the Prime Minister after the recommendation of the National Committee. However, so far, it did not seem that the need to do so was considered. On another hand, the law stipulated that a special attention must be given to the high risk cases and that special procedures must be put in place therefore, including the establishment of policies and measures to prevent misuse of modern technologies in ML/TF operations.

Recommendation 21: The failings in this Recommendation were addressed, whereas the instructions issued to all the financial sector institutions required them to pay special attention to identify the identity and activities of the customers as to the transactions made with persons who belong or are in countries that do not apply or insufficiently apply the FATF Recommendations. However, it does not seem that there are efficient applied measures that ensure communicating to FIs concerns related to weaknesses in the AML/CFT systems in other countries and counteractive measures still need to be found in case a country continues not to apply or insufficiently apply FATF Recommendations. As to the enhancement of the compliance control, refer to R. 23.

Recommendation 22: The law required branches and subsidiaries of all FIs operating outside Jordan to comply with the requirements of the law that are imposed on the FIs inside Jordan and the instructions issued thereto asserted the same. It remains to explicitly provide for paying special attention, in case of exercising the activity in countries that do not apply or insufficiently apply AML/CFT standards issued by FATF. The instructions issued to the financial leasing and securities activities sectors (only) required branches and subsidiaries abroad to apply the highest standards possible, wherever AML/CFT requirements of host countries are different. This obligation remains to be circulated among all other FIs. The authorities stated that there are no branches abroad for exchange and securities sectors.

Recommendation 23: The sector of financial leasing companies was regulated in the AML/CFT field through the instructions of the companies which are engaged in this activity, which required the companies to include in the agreement signed between them and the chartered accountant the obligation by the latter to verify that the company is applying such instructions and to verify the adequacy of company's policies and procedures related thereto, with including the results thereof in his report submitted to the management and to inform the Companies Control Department once he discovers any breach of these instructions (but it does not seem that a competent authority was clearly nominated to be responsible for verifying the compliance of such companies with AML/CFT requirements). On another hand, AML/CFT instructions for money exchange companies were amended and they comprised the obligations of money exchangers in relation to outgoing and incoming transfers, or if it is a broker in the transfer transaction, in terms of providing complete data and information and assessing the degree of risks, in case of incomplete data and information on the incoming transfers and duly providing the official authorities and the transfer entities with the required information. The issue of applying regulatory and control measures which are applied for preventive purposes in other FIs, unlike banks, remains pending. The instructions issued to the courier operators bound them to include in the agreement signed between the chartered accountant and the courier operator the obligation of the chartered accountant to verify that the courier operator is applying such instructions and to verify the adequacy of the courier operator 's policies and procedures related thereto, along with including the results thereof in his report submitted to the management and the need to inform the Telecommunication Regulatory Commission (TRC) once he discovers any breach of these instructions, in order to take the necessary actions. The Jordanian authorities stated that there are currently 22 employees at the Department of money exchange supervision at the Central Bank of

Jordan, 7 out of them are in the inspection division and that one of the department's employees has obtained the CAMS certification in 2012. The inspection division related to the banking business control department at the Central Bank of Jordan verifies, through onsite visits, the availability of internal control and supervision systems at the money exchange companies which have applied for opening branches as well as the availability of AML/CFT requirements. In 2011, the said inspection division made 104 inspection visits to money exchange companies; until 15/7/2012, 55 inspection visits were made. The number of money exchange companies which were noticed to have some weaknesses reached 22; such companies were informed in writing of those weaknesses; onsite visits were made to verify that such weaknesses were rectified.

The authorities also stated that the securities authorities made 60 inspection visits to entities engaged in any of the activities which are subject to its supervision, from the beginning of 2011 until July 2012, whereas a specialized inspection team from securities authority inspects the entities that are subject to AML/CFT instructions. The inspection revealed that some entities are not compliant with some provisions of the AML/CFT instructions and actions were taken against them. In addition, the inspection team verifies that these entities establish and apply the necessary procedures to avoid risks related to the misuse of non face to face relations with customers, whereas the inspection team found that there are entities which are not compliant with the instructions and an action was taken against them. The inspection team examines the records related to the data of customer and beneficial owner identification, in terms of verifying the numbers of such entities mentioned in such records and to keep the same, the internal bylaws of the entity is also examined according to the instructions. The securities authority informed all the financial brokerage companies, on 30/7/2012, by virtue of the letter of the president of the Committee, of the need for brokerage companies to comply with AML/CFT instructions with respect to the activities of securities for 2010.

An inspection manual was prepared in English language in cooperation with the program of Technical Assistance/ US Treasury Department, on the inspection of the transactions through which ML/TF may be conducted in insurance activities. Such manual is being currently translated into Arabic. The control and supervising role was promoted through onsite inspections conducted on companies, to verify the companies which are not compliant with all the above-mentioned instructions, by taking the necessary corrective actions so that all the activities of the company are in line with the instructions, where all the companies have corrected their status – after addressing the letters on observations of the onsite inspections– in terms of amending their internal AML policies in consistency with the Authority's instructions in this regard. The companies have also complied with the requirements of customer identification; they have also included the insurance policies, which guarantee the right of the company to cancel the insurance policy if it fails to meet the requirements of beneficiary identification; noting that there are on-going onsite inspection visits conducted by the Authority, whereas one of the most important items in the scope of onsite inspection visits is verifying the compliance of companies with AML/CFT instructions in the insurance activities; and one of Insurance Authority requirements to ratify the accuracy of the annual financial statements of the companies is to provide an annual report made by the external auditor comprising the extent to which the company has implemented the instructions mentioned above and the adequacy of the company's policies and procedures related thereto. An inspection manual was prepared regarding the transactions through which ML/TF may occur in insurance activities. The inspectors of the Authority attended training on the mechanism of using the manual in the inspection process. From the beginning of 2011 until July 2012, the insurance authority made 11 inspection visits to insurance companies, whereas it verifies the compliance of the entities which are subject to it with AML/CFT instructions in the insurance field and includes the results and observations in the inspection report; the inspection covers the recommendations related to CDD measures for the purposes of customer identification and verification, as well paying special attention, record keeping and the compliance of these entities with the implementation of UNSCRs (1267) and (1373). The insurance department also follows up the corrective actions which shall be taken by the companies in order to avoid such violations in the future.

Recommendation 25: The deficiencies related to this recommendation were largely addressed: an AML/CFT guiding manual in the jewels, precious metals and precious stones trade is issued. A guiding manual for the licensed real estate offices is also issued and an AML/CFT guiding manual was issued for the financial leasing companies. The unit prepared a guiding manual in 2012, in cooperation with the Companies Control Department, which helps the entities of the financial activities sector identify ML/FT stages, the most important indicators inferring operations connected to ML/TF; the same was distributed to them. The unit has also listed the statistics related to STRs by number and reporting entity in the Unit's annual report for the years 2007 to 2011. The Unit's Annual Report for 2009 also included some cases reported which showed to the subject entities the tools and techniques used in such cases. Through the unit's website, the Unit created a page on typologies which contains links with the websites of FATF, MENAFATF and Egmont Group, in relation to the typologies papers issued by them, for ease of access by the subject entities and ease of reference in order to identify ML/TF trends, methods and techniques. The unit has also prepared a manual on filling out reporting forms to help the subject entities with completing reporting forms upon suspecting any money laundering or terrorist financing.

Recommendation 26: Deficiencies related to this recommendation were addressed by amending the law thus the unit became qualified to receive STRs. The amended law also stressed on the financial and administrative independence of the unit's work, and allocated a separate budget for the unit with new headquarters being now equipped; although recently established, the number of staff already reached 10 employees. The unit's annual report for the year 2011 was released. Several instructions were also issued regarding the security and protection of information in the unit. As reported by authorities, the unit staff is participating in several training workshops and seminars. In addition to that, Jordan became a member of Egmont Group.

Recommendation 27: The aspects of deficiency related to this recommendation were addressed where the TF law stipulated that the prosecutor-general of the State Security Court is the one who is competent to investigate crimes of terrorism, including TF cases. Many training workshops were organized for judges and prosecutors, particularly with regard to ML/TF investigation techniques.

Recommendation 31: Many aspects of deficiencies related to local cooperation were addressed by considering the National Committee as concerned with public policy-making to combat the financing of terrorism and fight against money laundering as well as to develop crisis plans to be implemented. It should be noted that some liaison officers from regulatory and supervisory authorities have been appointed to represent the Committee before the Unity in order to strengthen local cooperation. Furthermore, the Unit signed several memorandums of understanding with regulatory and supervisory authorities to facilitate the exchange of information. The Unit also signed a memorandum of understanding with the Public Security Directorate and established an electronic link directly to the database of the Civil Status and Passports Department and the database of the Companies Control Department. In addition, supervisory authorities as well as other competent authorities are now able to access the information available at the unit.

Recommendation 33: The authorities reported that the Companies Control Department requires an acknowledgment signed by the partners when registering any company stating that the signing partner is the real beneficiary and owner of the company's shares that are registered in his name, but does not show the basis upon which the Department relies in doing so nor the procedures taken to verify the real beneficiary nor the procedures taken in the case it discovered the inaccuracy of data.

Recommendation 35, Special Recommendation I and Special Recommendation III: The deficiencies related to these recommendations were addressed through the ratification of Palermo Convention and the implementation of the Convention for the Suppression of the Financing of Terrorism by conducting the necessary amendments to the Anti-Money Laundering Law. With regard to Security Council resolutions, the amended law established the legal basis for the implementation of the Security Council resolutions by entrusting AML/CFT National Committee with the follow-up on

meeting the obligations contained in international resolutions with the competent authorities. The National Committee has issued instructions for the fulfillment of the obligations contained in the Security Council resolutions No (1267) and (1373). The technical committee for the implementation of the Security Council resolution no 1267 was also established as well as the Technical Committee for the implementation of Security Council Resolution No 1373.

Recommendations 36 and 37 and Special Recommendation V: The Jordanian authorities addressed most of the deficiencies relating to mutual legal assistance by signing relevant international conventions that stipulate the provision of mutual legal assistance. The Ministry of Justice received 3AML/CFT judicial assistance, which were referred to the Attorney General. The execution time varies according to the nature of the request as indicated by the Jordanian authorities.

Recommendation 38: The deficiencies related to this recommendation were addressed, where the amended law gave the Jordanian judicial authorities the power to cooperate with the non-Jordanian judicial authorities regarding the provision of assistance, execution of letters rogatory and extradition of accused and convicted persons, as well as the execution of requests from non-Jordanian bodies to track, freeze or seize the funds involved in money laundering or the financing of terrorism or the proceeds of any of them, in accordance with the rules stipulated in the Jordanian laws, bilateral or multilateral agreements ratified by the Kingdom or in accordance with the principle of reciprocity. Jordan has also ratified the Extradition agreement and the mutual legal assistance agreement with the French Republic. The unit also signed memorandums of understanding with several counterpart units.

Recommendation 40: A number of deficiencies related to this recommendation were addressed where the law gave the Unit the powers to cooperate with counterpart units in the exchange of information. The unit also signed memorandums of understanding with several counterpart units in order to enhance international cooperation and improve the exchange of information.

Special Recommendation II: Aspects of deficiencies related to TF criminalization were addressed through the amendment of the law where the scope of criminalizing the financing of terrorism has been expanded to include actions undertaken by the terrorist organization, body, association, group or person, while funds were defined in accordance with the Convention for the Suppression of Financing of Terrorism.

Special Recommendation VI: Aspects of deficiencies related to this recommendation were addressed: AML/CFT Instructions have been issued to money exchange companies where Article (5) of the instructions stipulated the obligations of the changer regarding incoming and outgoing transfers. In the event where the changer is a mediator in the transfer process, he shall be required to provide complete data and information, assess the degree of risk in the event where the data and information relevant to the transfers is incomplete and duly provide the authorities and the parties requesting the transfer with required information.

Special Recommendation VII: Aspects of deficiencies related to this recommendation were addressed ; The instructions issued to banks obliged them to include the agreement signed between the bank and its external auditor compelling the auditor to ensure that the bank applies these instructions and that the bank policies and procedures related thereto are adequate, and include the results thereof in his report to the management with the need to inform the Central Bank as soon as he discovers any violation of these instructions. During 2011 and the first half of 2012, the Banking Supervisory Department in the Central Bank of Jordan received 17 reports from external auditors relevant to 15 banks regarding the adequacy of the banks policies and procedures in the application of the instructions referred to above, where the reports have been studied and the concerned banks have been contacted regarding the violations or the remarks that need to be rectified. Furthermore, The Central Bank of Jordan through his onsite inspection teams checked and followed-up the procedures implemented by the banks regarding the rectification of violations and remarks stated in the report of the external auditor. The Central Bank of Jordan also received evidences showing that the external auditor has audited 8 other banks and that reports are being finalized. A letter from the Governor of

the Central Bank was sent in 2012 to the concerned banks emphasizing on the need to abide by the instructions referred to above, and to provide the Central Bank with the external auditor report as soon as completed. Moreover, the instructions issued to money exchange companies obliged them to include the agreement signed between the company and the legal accountant compelling the accountant to implement these instructions and evaluate the adequacy of the exchange AML/CFT policies and procedures and include the results thereof in his report with the need to inform the Central Bank as soon as he discovers any violation of these instructions.

The law, once amended, determined the penalties that should be imposed in the event of breach of any provision of this Act or regulations, instructions or decisions issued under any of them unless the law stipulates a particular penalty; a fine of at least JOD 1000 dinars and not more than JOD 10,000 should be imposed on the offender. This fine is to be doubled in case of reoccurrence; and if the violation is repeated more than twice the maximum fine is to be doubled.

Special Recommendation VIII: Most aspects of deficiencies related to this recommendation were addressed, where Jordan issued the new Associations Law No. (51) for the year 2008. Under the new law, the ministry determined by the Board of Directors of the Registry of Association as competent should be in charge of supervising and following-up with the associations unlike the previous law, where the Ministry of Social Development was responsible for supervising the associations. The new law also included explicit legal provisions regarding local or foreign financing, and the restrictions imposed thereon in terms of the source of financing, the purpose of financing, expenditures and procedures to be followed in this regard. The basic guide for the associations was issued as well, including their commitment to apply CDD measures to identify the donor and recipient of the donation.

Special Recommendation IX: The Jordanian authorities addressed the deficiencies related to this recommendation by activating the declaration system, preserving data and statistics on the number of disclosure and non-disclosure and false disclosure cases through the Customs Department comprehensive database. In addition to that, the relevant authorities provided the Department with the feedback procedure relevant to the issues of disclosure and verdicts rendered by the Department in this regard. The authorities also reported that the department is exchanging information with the Unit regarding cases for which judicial decisions have been issued. The unit conducts preliminary investigations for the interest of Customs Department. The General Customs Department, in collaboration with the unit, distributed declaration forms on movable funds and sign boards at all border crossings, it also prepared a brochure regarding the traveler's declaration of cash or precious metals in their possession which are valued at more than JOD 15,000 or its equivalent in foreign currencies.

9. It is clear from the foregoing that Jordan was able, since the adoption of the joint mutual evaluation report, to address many aspects of deficiencies mentioned in the report. Amendments made to the AML law included the amendment of the legislative framework for ML/TF crimes as well as the preventive measures in this field. Instructions were also issued to all financial institutions and most non-financial institutions.

10. But Jordan still has to issue AML/CFT instructions for lawyers, legal professionals, accountants, company service provider; to clearly identify supervisors of non-financial businesses and professions; to complement some of the measures in terms of demanding financial institutions to develop screening procedures to ensure high standards when hiring employees under R.15, obliging all non-financial businesses and professions (except jewelry and the real estate sectors) to pay special attention when dealing with people from countries that do not have appropriate AML/CFT systems and complete R. 21 by explicitly stating that due diligence should be exercised if the activity is conducted in countries that do not apply or insufficiently apply AML/CFT standards as issued by the FATF with requiring all financial institutions, except the financial leasing sector and the financial activities sector, to apply in

their branches abroad and subsidiaries the highest standards possible in case AML/CFT requirements in the host country were different, and to implement the regulatory and supervisory measures that are applied for precautionary purposes in financial institutions other than banks.

11. Therefore, it is suggested that the plenary meeting requests Jordan to submit its next follow-up report (3rd report), to be presented to the 18th Plenary, including information about the accomplishments to occur during the coming period.

2nd Follow Up Report of the Hashemite Kingdom of Jordan

(Country's report)

Recommendations with rating "PC" or "NC"	Summary of factors underlying rating	Recommended action plan to improve AML/CFT regime	Actions taken by the country
1- Offense of money laundering	<ul style="list-style-type: none"> • Conviction for the predicate offense is required to prove that funds are illicit. • Non-inclusion of all the 20 crimes within the predicate offenses list in accordance with the Methodology. 	<ul style="list-style-type: none"> • Work on clarifying the view of the law enforcement officers with respect to the fact that in order to prove that the funds are the proceeds of the crime, the conviction in primary crime is not a condition. 	<p>The AML Law no. 46/2007 was amended by the temporary law No. (8) for the year 2010 and by the temporary law No. (31) for the year 2010. By virtue of the said amendment, the law provided that the conviction in the primary crime shall not be made a condition to prove that the fund is illicit, whereas paragraph (b) of article (4) of the Anti Money Laundering and Counter Terrorist Financing Law stipulated that: "The money laundering crime is considered independent from the crime that generated the funds; a conviction in the crime that generated the funds is not a condition to prove their illegitimacy." (enclosed)</p> <p>On 1/4/2010, the first decision issued by the competent court criminalized the money laundering in the Kingdom. The summary of such decision states that a female official employee working in a governmental authority in one of the Arab countries had embezzled money from the entity she was serving in, in collaboration with another person, by transferring such funds from the Capital of the said Arab state to Oman through one of the exchange companies, after persuading the exchange company of the legitimacy of such amounts by submitting false contracts. They were, thereafter discovered and legally prosecuted but they were not interrogated because they could not be arrested, because the Public Prosecutor found that the acts, as committed by the two defendants, of concealing the source and origin of the funds which had been transferred to Amman via the exchange company constitute money laundering crime. And considering the availability of evidence and data which are sufficient to refer both offenders to the competent court, the Public Prosecutor decided to refer them to the criminal court, according to the provisions of article (133) of the criminal procedure law in force for jointly committing</p>

			<p>the money laundering felony, contrary to the provisions of article (24) of the AML Law No. (46) for the year 2007 and article (76) of the penal law No. (16) for the year 1960 and to confiscate the generated funds according to the provisions of article (26) of the AML Law (enclosed), noting that the judgment decision drew upon the AML Law before its amendment.</p> <p>Furthermore, around 800 persons, including among them judges, public prosecutors and law enforcement authorities were trained by the technical assistance office related to the US Treasury Department under the (USAID granted to the government of the Hashemite Kingdom of Jordan on the law enforcement) program during 2009 and 2010 in order to introduce the ML/TF principles, such as the non- conviction in the primary crime in order to prove the illicit fund (enclosed).</p>
		<ul style="list-style-type: none"> • Criminalize the following acts to become primary crimes: (1) blackmail including financial blackmail, (2) persons trafficking and immigrants smuggling, (3) children's sexual abuse, (4) illicit trade in stolen goods, (5) counterfeiting of products and pirating them, (6) environmental crimes, (7) smuggling and (8) piracy, and to try to include (9) fraud, (10) sexual abuse and (11) financial markets manipulation crimes in the primary crimes of the ML crime, and (12) expand the financing of terrorism as a primary crime of ML in the Methodology concept. 	<p>As to the non-inclusion of all the twenty crimes within the primary crimes and to the criminalization of the twenty crimes to become included within the primary crimes, paragraph (a) of article (4) of the AML/CFT law was amended so as to read as follows:</p> <p>“a- Every fund that generates from any of the crimes indicated below shall be considered the subject of money laundering:-</p> <p>1- Any crime punishable pursuant to the provisions of the valid legislation in the Kingdom.</p> <p>2- Crimes, the proceeds of which are considered, according to the provisions of international agreements ratified by the Kingdom, as a subject of a money laundering crime.”</p> <p>By amending item (1) of paragraph (a) of article (4) of the AML/CFT law, so as to become (any crime punishable pursuant to the provisions of the valid legislation in the Kingdom) instead of (any crime punishable with a felony sanction, the scope of crimes was expanded so as to include the</p>

			<p>misdemeanors and felonies punishable in the Kingdom. Therefore, the twenty crimes listed in the methodology were included, which is indicated in the list of crimes and legal materials which criminalize the twenty crimes as primary crimes related to the money laundering crime, according to the legislations in force in the Kingdom (enclosed).</p> <p>A number of public prosecutors and judges have participated, in years 2010-2012, in various training workshops about ML/FT crimes investigation techniques and the financial investigative techniques (6 training sessions, here attached). And the American experience in terms of ML/FT crimes investigation was tackled during the onsite visit, which was organized by the Technical Assistance Bureau at the US Ministry of Treasury and the US Ministry of Justice in January 2012.</p>
		<ul style="list-style-type: none"> Remove any confusion about the Law Regulating the Insurance Business. 	<p>The confusion about the law which regulates the insurance business was removed, whereas article (33) of the AML/CFT law in force stipulates that: "Any provision related to money laundering or terrorist financing crimes stipulated in any other legislation contrary with the provisions of this law shall not be enforced."</p> <p>Therefore, the AML/CFT law became the law related to combating money laundering and terrorism financing.</p>
3- Confiscation and provisional measures	<ul style="list-style-type: none"> No confiscation in TF crimes. Not enabling competent authorities to identify and trace the confiscated properties subject to, or that could be subject to, confiscation or those suspected to be crime proceeds. 	<ul style="list-style-type: none"> Provide for confiscation in ML crimes. 	<p>Criminalizing the financing of terrorism was among the amendments made to the AML/CFT law in force, whereas the provisions of paragraph (b) of article (3) of the said law stipulated that: "It shall be prohibited to provide, collect, insure obtaining or moving, by any means, whether directly or indirectly, funds, even from legitimate sources, to a terrorist, terrorist organization, commission, society or group or for a terrorist act, with the knowledge of such, whether such funds are used wholly or partially or not used, and regardless of whether such act has occurred or not."</p> <p>The AML/CFT law in force has also defined "the terrorism financing" in article (2) thereof as being: "the committing of any of the acts stipulated in paragraph (b) of article (3) of this law."</p> <p>The AML/CFT law was also amended so as to include confiscation in FT crimes, whereas item (3) of paragraph (a) of</p>

			<p>article (24) stipulated the following: "Without prejudice to any severer penalty stipulated in the Penal Code or any other Law, anyone who committed or has attempted to commit a terrorist financing crime as stipulated in this law, shall be penalized by temporary hard labor for a period not less than ten years and with a fine of not less than one hundred thousand Dinars in addition to confiscating the money and all the instruments used or intended to be used in the crime."</p> <p>Paragraph (c) of article (25) of the same law related to the sanctions associated to the cross border movable money stipulated that: "Whoever violates the provisions of paragraph (a) of article (20) of this law shall be penalized by a fine not to exceed ten percent of the value of the non-declared money or in the event of false declaration. The fine shall be doubled in the event of recurrence. Where the violation is repeated more than twice, the fine shall be doubled up to its maximum limit. In all cases, the money shall be confiscated if related to terrorist financing."</p>
		<ul style="list-style-type: none"> • Assign clear powers to the law enforcement staffs to enable them identify and trace properties subject to, or that could be subject to, confiscation or those suspected to be crime proceeds. 	<p>The AML/CFT law determined the powers of the competent public prosecutor to verify the real sources of the funds, including tracing such funds which belong to the offenders as stipulated by the law, in addition to other powers, whereas article (27) of the said law stipulated the following: "The competent Public Prosecutor shall exercise authorities over the crimes stipulated in this law according to the valid Penal Procedures Law or any other relevant legislation. The competent Public Prosecutor or the competent court, as the case may be, may undertake any of the following:-</p> <p>a- Verifying the real source of the money belonging to the perpetrators of the crimes stipulated in this law including tracing such money and whether it was generated as a result of committing any of the prohibited activities in accordance with this law or any of the relevant legislation in force. The competent court may decide seizing and confiscating such money.</p> <p>b- Seizing the money of the defendant accused of committing the crimes stated in this law, the money of the spouse and the direct ancestors and descendants, and prohibiting disbursement of such money as well as preventing them from traveling until</p>

			<p>the investigation is completed or the case is adjudicated. The competent court may decide to confiscate such money.</p> <p>c- Seizing the money in the possession of a third party, where it was established that it has been generated as a result of committing any of the crimes stipulated in this law.</p> <p>d- Seizing the assets in which proceeds were mixed with those of legitimate sources, until the value of the illegitimate proceeds and revenues of their exploitation is determined.</p> <p>e- Requesting records, documents, legal instruments and data of the entities subject to the provisions of this law relevant to the investigation of the crimes stipulated in Article (4) of this law."</p>
Preventive measures			
5- Customer due diligence	<ul style="list-style-type: none"> • CFT obligations are not included in obligations stipulated in the AML Law for the relevant entities. • Failure to issue executive regulations to apply the provisions of the AML Law according to Article (30) thereof. • AML instructions for the insurance sector are not issued by virtue of the AML law to allow imposing sanctions stipulated therein on institutions violating those instructions. • Neither the law nor any principal or secondary legislation tackles the following: <ul style="list-style-type: none"> ▪ Numbered accounts (to permit it or not), so that financial institutions are requested to keep these accounts in a way that fully comply with the FATF Recommendations ▪ Other circumstances requiring the application of DD, i.e. circumstances mentioned under the last four items of c.5-2 under R.5. ▪ In insurance sector, customer identification using documents, data or 	<ul style="list-style-type: none"> • Issue the executive regulations quickly by the Council of Ministers pursuant to the provisions of Article (30) of the AML law, provided that those regulations comprise the basic elements of the relevant Recommendations which should be set forth in the provisions of any primary or delegated legislation outlined in the evaluation Methodology of 2004. 	<p>The National Anti-Money Laundering Committee issued the regulation No. (44) for the year 2008, which was published in the Official Gazette on 1/6/2008 (enclosed). The regulation determined the framework of the National Committee as to its meetings, legal quorum thereof, and the decision making mechanism. In addition, the AML Unit issued the regulation No. (40) for the year 2009 which was published in the Official Gazette on 1/7/2009 (enclosed). The regulation determined the authorities and tasks of the AML Unit and those of the head of the Unit as well as the cooperation between the monitoring and supervisory authorities; knowing that two drafts were submitted to the Prime Minister on 13/2/2011 to amend each of the two regulations in a way that is consistent with the amendment of the AML/CFT Law in force. The regulations to be issued according to the provisions of the law would thereby be completed.</p> <p>Both amendments in question were made in 2011, whereas the work system of the National Committee on Anti-Money Laundering (AML)/Counter Finance of Terrorism (CFT) was amended, by virtue of Regulation no. 45 of 2011, amending the work system of the National Committee on AML/CFT and published in the Official Gazette on 2/10/2011, issue 5118 (here attached). Also the system of the AML Unit was amended by virtue of Regulation no. 44 of 2011, amending the system of the AML Unit, and published in the Official Gazette on 2/10/2011,</p>

	<p>original information from an independent and reliable source (ID data) and required verification when any person claims to act on behalf of the customer to make sure that he is the concerned person and is duly authorized in addition to examining and verifying his identity.</p> <ul style="list-style-type: none"> ▪ In insurance sector, checking whether the customer is acting on behalf of someone else, and to take reasonable measures to get sufficient data that allow for the verification of the identity of the other person; in exchange and insurance activities, to identifying natural persons who own the customer or have control over him, including those with full and effective control over the legal person or arrangement. • Instructions for financial institutions do not tackle the following: <ul style="list-style-type: none"> ▪ Requiring FIs, concerning customers that are legal persons or arrangements, to obtain information on the provision regulating the binding authority of the natural person or the legal arrangement. ▪ Requiring exchange companies to take reasonable measures to consider the ownership structure and the controlling interest over the customer if he is a legal person. ▪ Requiring insurance and money exchange companies to obtain information on the objective and nature of the business relationship for natural persons, in addition to requiring the money exchange companies to obtain 		<p>issue 5118 (here attached). The amended system indicated the duties and powers of the Unit in terms of inquiry into / analysis of such STRs which are suspected of being related to ML/FT, while requesting necessary information for analysis, and establishing the databases deemed appropriate to this effect. The Regulation provided as well for coordination with the supervisory, regulatory and competent authorities in terms of AML/CFT, with the development of training and awareness programs on AML/CFT; and the Regulation granted the Chief of Unit the full powers to manage and supervise the Unit affairs, including nominating and specifying the duties of the directorates.</p> <p>As to the non-inclusion of the CFT obligations within the AML obligations stated in the AML law and to the necessary inclusion of the main elements of the related recommendations which must be stated in a (main or secondary) legislation as per the methodology, by amending the law as mentioned above, the FT was criminalized (article 3), sanctions against the terrorism financing were imposed (article 24) and the Unit authorities were expanded so as to be responsible for receiving the notifications in relation to transactions suspected to be related to terrorism financing as well as money laundering, according to item (3) of paragraph (a) of article (14) of the law, which stipulated the following: "The Unit shall be responsible for receiving the notifications stated in Item (3) of Paragraph (a) of Article (14) of the law in relation to any transaction suspected to be related to money laundering or terrorist financing and requesting information related thereto, analyzing and investigating such, as well as providing the competent authorities with such information, when necessary, for the purposes of anti money laundering and counter terrorist financing."</p> <p>The scope of the authorities which are subject to the provisions of the law was expanded so as to include all the entities mentioned as per the evaluation methodology, whereas article (13) of the law stipulated that "the following entities shall comply with the procedures stipulated in this law, regulations, instructions and decisions issued pursuant thereto:-</p> <p>a- Financial entities include:-</p>
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	<p>information on the objective and nature of the business relationship for legal persons.</p> <ul style="list-style-type: none"> ▪ Requiring exchange companies that the ongoing CDD measures include the monitoring of transactions conducted throughout the relationship in order to ensure that the conducted transactions are commensurate with their knowledge about customers, their activities profiles and risks, and if necessary the source of funds in addition to the documents or data obtained from the CDD measures continuously updated through the examination of records, and especially of high risk customers and business relationship categories. ▪ Requiring exchange companies, with regard to enhanced due diligence, to cover larger categories of risk-posing customer and high-risk business relationships and transactions. ▪ Requiring the application of CDD for existing customers (as at the date national requirements have come into effect) on the basis of materiality and risk, and to tackle the timing of CDD with regard to existing business relationships. • Confusion related to banks' inability to establish a continuous relationship with the customers before completing the verification procedures. • Obligations under AML law do not cover the Financial Services of Jordanian Post and the PSF 		<p>1- Banks operating in the Kingdom. 2- Exchange companies and money transfer companies. 3- Persons or companies exercising any of the activities subject to the supervision and licensing of the Securities Commission. 4- Persons or companies exercising any of the activities subject to the supervision and licensing of the Insurance Commission. 5- Entities exercising any of the following financial activities:- – Granting all types of credit. – Providing payment and collection services. – Issuing and administrating instruments payments and credit. – Trading in stock exchange market and capital market instruments for its own account or for the account of its clients. – Purchasing and selling debts with or without the right of recourse. – Financial leasing. – Managing investments and financial assets on behalf of a third party. 6- Entities offering postal services in accordance with the legislation in force. b- Non financial entities include:- 1- Persons or entities trading in real estate and its development. 2- Persons or entities trading in precious metals and stones. 3- Persons or entities that, on behalf of third party, perform any of the following business transactions:- – Sale and purchase real estates. – Management of funds or any other financial assets. – Management of bank accounts, postal saving accounts or investments accounts in local and international financial markets. – Legal procedures necessary for establishing or managing any legal person, purchasing or selling commercial stores. – Organization of contributions related to the establishing or managing companies. c- Entities or professions to which the Council of Ministers decides to apply the provisions of the law upon the recommendation of the National Committee.”</p> <p>The main elements for the due diligence as to customers and record keeping and other obligations were also included by</p>
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			<p>virtue of article (14) of the law which stipulated the following:</p> <p>“a- The entities subject to the provisions of this law shall undertake to comply with the following:-</p> <p>1- Give due diligence to the identification of the customers identity, legal status, activity, purpose of the business relationship and its nature, and the real beneficiary from the relationship between the entities and the customer, if any, and verifying such, as well as the</p> <p>continuous follow up of the transactions that are conducted through an ongoing relationship with their customers by any of the means determined in accordance with the relevant legislation together with recording and maintaining the relevant data pursuant to the provisions of</p> <p>Item (6) of this Paragraph.</p> <p>2- Refrain from dealing with anonymous persons, persons with fictitious or anonymous names or shell banks or companies.</p> <p>3- Notify the Unit immediately of any transaction suspected to be related to money laundering or terrorist financing whether such transaction is conducted or not, by the means or the form approved by the Unit, provided that a copy of the notification, documents, legal instruments, data, and information related thereto shall be maintained for a period of not less than five years or until a final judicial verdict is issued regarding such transaction, whichever is longer.</p> <p>4- Comply with the regulations, instructions and decisions issued by the Unit or the competent supervisory and regulatory authorities.</p> <p>5- Pay special attention to the high risk customers' categories, business relationships or transactions and set the relevant measures including:-</p> <p>First: Risk management systems for money laundering and terrorist financing to include the classification of customers into categories according to the degree of risk while developing the required measures to appropriately deal with such risks, and review such classification periodically or in the event of changes that require conducting such review.</p> <p>Second: Policies and measures for preventing the exploitation of new technologies in money laundering and terrorist financing.</p>
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		<ul style="list-style-type: none"> Remove the confusion in reference to the AML law for issuing the banks' instructions. 	<p>The AML/CFT bank instructions No. (51/2010) were issued on 23/11/2010, pursuant to the provisions of item (4) of paragraph (a) of article (14) of the AML/CFT law in force and paragraph (b) of article 14 of the said law, as well as paragraph (b) of article (99) of the banks law No. (28) for the year 2000 (enclosed).</p>
		<ul style="list-style-type: none"> Issue the AML instructions in the insurance activities pursuant to the AML law so that sentences mentioned in the subject law could be imposed on the companies violating the contents of the instructions. 	<p>Instructions No. (6) for the year 2010 "AML/CFT instructions pertaining to insurance activities and amendments thereof" were issued according to the provisions of paragraph (k) of article (23) of the insurance business law No. (33) for the year 1999 and the provisions of item (4) of paragraph (a) of article (14) of the AML/CFT law in force (enclosed).</p> <p>The AML/CFT law in force provided for sanctions in case of non-compliance with the AML/CFT laws, regulations, instructions and decisions, whereas article (30) stipulated that: "Any violation to any of the provisions of this law, regulations,</p>

			instructions and decisions issued by virtue thereof for which a penalty is not specified in the law, the offender shall be fined with not less than one thousand Dinars and not more than ten thousand Dinars. The fine shall be doubled in the event of recurrence; where the violation is repeated for more than twice, the fine shall be doubled up to the maximum limit”.
		<ul style="list-style-type: none"> • Ensure that the AML instructions are implemented for the authorities supervised by the JSC and include in them issues covering CFT requirements. 	<p>Item (3) of paragraph (a) of article (13) of the AML/CFT law in force stipulated that: “The following entities shall comply with the procedures stipulated in this law, regulations, instructions and decisions issued pursuant thereto:-</p> <p>a- Financial entities include:-</p> <p>3- Persons or companies exercising any of the activities subject to the supervision and licensing of the Securities Commission.</p> <p>Moreover, AML/CFT instructions for the securities activities for the year 2010 were issued. They contained many provisions such as:</p> <ol style="list-style-type: none"> 1- Due diligence procedures 2- Special attention procedures 3- Appointment of notification officers and notification procedures 4- Internal bylaw of the entities which are governed by the provisions of the instructions 5- Records and documents keeping <p>The instructions would have thereby treated many of the default aspects, such as the terrorism financing issue. Therefore, any of the companies or persons engaged in the activities which are subject to the supervision and licensing of the Securities Commission are deemed among the entities which are governed by the provisions of the AML/CFT law, according to the provisions of item (3) of paragraph (a) of article (13) of the law, and therefore, all the provisions and obligations mentioned in the law shall apply thereupon.</p>
		<ul style="list-style-type: none"> • Moreover, work on issuing other instructions that establish a framework for AML/CFT in other financial sectors such as the sector of the companies 	<p>AML/CFT instructions related to the companies which are engaged in the financial leasing activity for the year 2011 (enclosed) are issued.</p> <p>The Ministry of Industry and Trade / Companies Control</p>

		<p>issuing the payment and credit methods, the financial leasing sector, the Jordanian postal financial services, the PSF and the sector of e-money transfer.</p>	<p>Department has finalized the AML/CFT guide for finance lease companies (here attached), and circulated the same to such companies by virtue of the Companies General Controller's letter no. (1/5/32/20254) dated 23/4/2012 (here attached), whereas the aforementioned guide sets forth the techniques of transactions that are suspected of being related to ML/FT, and the ML stages with the techniques used to conceal the FT sources.</p> <p>The AML/CFT bank instructions No. (51/2010) dated 23/11/2010 and the AML/CFT instructions No. (2) for the year 2010 related to banking institutions also treated the obligations related to e-money transfer.</p> <p>The completion of the other instructions related to postal services and the companies issuing the payment and credit tools is in progress.</p> <p>In order to complete the issue of all instructions related to AML/CFT, there were issued, on 14/12/2011, the AML/CFT instructions to all entities that deal in any of such financial activities stipulated in the applicable AML/CFT Law 2011, Article 13, Paragraph (a), Clause 5 thereof (here attached), knowing that they consist of all entities registered in the Kingdom, and that practice any of the following financial activities:-</p> <ul style="list-style-type: none"> - Granting all forms of credit. - Providing payment and collection services. - Issuing and managing payment and credit tools. - Trading in cash market tools and the capital market tools, whether for their own account or for their customers' account. - Purchasing and selling debts whether with or without the right of recourse. - Managing investments and financial assets for others. <p>There was enclosed with the instructions in question a guide, which makes the aforementioned entities familiar with the ML/FT stages, and the main indicators that infer the existence of ML/FT suspicious transactions (here attached).</p> <p>On 23/7/2012, there were issued the AML/CFT instructions no.</p>
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			<p>1 of 2012 for such entities dealing in postal services, by virtue of Article (18/b) of AML/CFT Law no. 46 of 2007 and relevant amendments, and the Postal Services Law no. 34 of 2007, Article 9, Paragraph (e) thereof, whereas the provisions of the aforementioned instructions shall be applied to all post operators working in the Kingdom, when offering postal services or money transfer services by post (here attached). There was enclosed with the instructions in question a guide, which makes the aforementioned entities familiar with the ML/FT stages, and the main indicators inferring the existence of ML/FT suspicious transactions (here attached).</p>
		<ul style="list-style-type: none"> • Address the following in the law or any other primary or delegated legislation: <ul style="list-style-type: none"> • The issue of the numbered accounts (whether for permitting their existence or not), so that the financial institutions are required to keep them in a way that fully complying with the FAFT recommendations could be achieved. For example, the financial institutions should identify the customer's ID in conformity with these standards, and that customer' records should be available for AML/CFT compliance officers, competent officers, and the competent authorities. 	<p><u>As to the numbered accounts</u></p> <p><u>Banking sector</u></p> <p>Article (3) of item (first/2) of the AML/CFT instructions No. (51/2010) dated 23/11/2020 stipulated the following: "The banks may not keep numbered accounts, treat with or enter into banking relations with anonymous persons, persons with false or fictitious names or shell companies or banks."</p> <p><u>Exchange sector:</u></p> <p>The relationship established between the moneychanger and the customer does not require the opening of accounts; therefore, the exchange sector has no accounts for customers, whether numbered or not.</p> <p><u>Securities sector:</u></p> <p>The entities which are subject to the supervision and licensing of the securities commission have no numbered accounts. And the instructions related to the registration and deposit of securities (enclosed) require that the customer shall be identified as per his identity, and therefore, there are no numbered accounts whose owners are not disclosed, whereas articles (26) and (27) of the said instructions stipulated the following: "Article (26): The investor shall be identified through the Center in accordance with the following measures: A- The investor shall submit a written application to be identified on the Center's electronic systems with the following</p>

			<p>documents and data attached:</p> <ol style="list-style-type: none"> 1. For a natural person:- <ol style="list-style-type: none"> A- The identification document. B- The permanent address which includes the address, the postal address for correspondences, the telephone number, the fax number and email (if available). 2. For a judicial person:- <ol style="list-style-type: none"> A- The registration certificate. B- The headquarters' address, the postal address for the correspondences, the telephone number, the fax number and e-mail (if available). B- The Center shall issue the investor's Identification Notice which shall be signed by the concerned investor in acknowledgement of the correctness of the information and data therein." <p>Article (27)</p> <p>"The investor shall be identified through the Broker or Custodian in accordance with the following measures:</p> <ol style="list-style-type: none"> A- The investor shall submit a written application to be identified on the Center's electronic systems with the documents and data referred to in Article (26) of these Instructions. B- The Broker or Custodian shall identify the investor on the Center's Database through the Center's electronic system and retain and store the following data:- <ol style="list-style-type: none"> 1. The client's full name. 2. The Center's number. 3. The client type. 4. The client classification. 5. The type of account. 6. The number of the document. 7. The type of document. 8. The issuance date of the document. 9. The place of issuance of the document. 10. The expiry date of the document. 11. The title.
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			<p>12. The gender.</p> <p>13. The nationality of the client.</p> <p>14. The postal address.</p> <p>15. The full address of the client.</p> <p>16. The number of the client's Account (consists of numbers only with a maximum of six digits).</p> <p>17. The name of the agent, custodian, guardian, caretaker, receiver, trustee or liquidator (if available).</p> <p>18. The name of the client's mother (for the natural person).</p> <p>19. The client's date of birth (for the natural person).</p> <p>20. The client's other nationalities (if available).</p> <p>21. Any other information or data determined by the Center.</p> <p>C- The Broker or Custodian shall provide the Center with the identification application verified by the Broker or Custodian attached to the identification papers.</p> <p>D- The Center, after receiving the identification application, shall verify the data entered by the Broker or Custodian and inform the Broker or Custodian electronically of the verification."</p> <p><u>Insurance sector</u></p> <p>The insurance relationship does not require the opening of accounts; therefore, the insurance sector has no customers accounts of any type, whether numbered or not.</p> <p><u>Financial leasing sector</u></p> <p>The relationship established between the financial leasing companies and the customers does not require the opening of accounts; therefore, the financial leasing sector has no customers accounts of any type, whether numbered or not.</p> <p><u>Sector of Financial Activities:</u></p> <p>The relationship between such companies that deal in the financial activities mentioned in Clause 5, Paragraph (a), Article 13 of the Law and the customers, does not require opening accounts; and therefore, such companies do not have any type of accounts for customers, whether numbered or not.</p> <p><u>Sector of Postal Services:</u></p>
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		<ul style="list-style-type: none"> Clarifying the other circumstances requiring the implementation of the DD measures, which are cases of performing occasional transactions above the applicable limit (15000 USD/Euro). This also includes the cases in which the transactions are performed in one transaction or multiple transactions which seem to be connected; and cases of performing occasional transactions as wire transfers in the cases covered by the Explanatory Note of SR.VII; or the cases of suspecting ML or TF regardless of any exemptions or certain limits mentioned elsewhere in the FATF Recommendations; or the cases of the financial institutions doubting the sufficiency or accuracy of the previously obtained data with regard to identifying the customers' ID . 	<p><u>Banking sector</u></p> <p>Article (5) of the AML/CFT instructions pertaining to securities activities stipulates that the parties that are subject to the provisions of these instructions shall apply due diligence with respect to the customer in the following cases:</p> <p>A. Before the transaction and while it is in progress.</p> <p>B. If there is suspicion of a transaction related to money laundering or terrorist financing irrespective of the value of the transaction.</p> <p>C. In case of doubt regarding the accuracy or adequacy of the data received in advance to know the identity of the customers.”</p> <p>Paragraph (d) of article (6) of the AML/CFT instructions in securities activities also stipulates that: “The parties that are subject to the provisions of these instructions shall comply with the following:</p> <p>D- Record in a special register any sums paid by the customer in cash that exceeds JD 10,000 or its equivalent in foreign currencies, or any recurrent payments or sums paid in installments that are less than JD 10,000 by a small amount.”</p> <p><u>Insurance sector</u></p> <p>Article (4) of the AML/CFT instructions No. (6) for the year 2010 pertaining to insurance activities stipulates the following:</p> <p>“The company shall undertake customer due diligence procedures, in the following cases:-</p> <p>A- Before and during the establishment of the insurance relationship.</p> <p>B- Suspicion of an insurance transaction related to money laundering or financing of terrorism regardless of its value.</p> <p>C- Suspicion of accuracy or adequacy of the data previously</p>

			<p>acquired regarding the identification of customers. D- Upon making a material amendment on the insurance policy.”</p> <p><u>Financial leasing sector</u> Paragraphs (a), (b) and (c) of article (5) of the AML/CFT instructions pertaining to companies which exercise the financial leasing activity stipulated that “the company shall undertake customer due diligence procedures in the following cases:-</p> <ol style="list-style-type: none"> Upon or during the establishment of a business relationship with the customer. Existence of doubts with regard to the extent of accuracy and sufficiency of the data previously acquired regarding the identification of customers. Existence of suspicion of occurrence of money laundering or terrorist financing transaction.” <p><u>Sector of Financial Activities:</u> Paragraph (a) of Article 4 of AML/CFT instructions issued to all entities dealing in financial activities provides for the following:-</p> <ol style="list-style-type: none"> The entities shall be bound to take due diligence procedures in order to identify the customer, and relevant legal situation, activity, the purpose and nature of the business relationship, and the beneficial owner, if existing, while verifying the same in detail according to the terms mentioned below, and following up on an ongoing basis the transactions made in the scope of a continuous relationship with his customers, in addition to identifying the nature of the future relationship between the entities and the customer, and pertinent purpose, and registering and keeping relevant data pursuant to the provisions of the aforementioned instructions, in the following cases:- <ol style="list-style-type: none"> Upon the establishment or during the business relationship with the customer. If the value of one single transaction, or several transactions that seem to be linked,
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			<p>exceeds 10,000 or the equivalent amount in foreign currency.</p> <p>3- If there is any doubt about the accuracy and sufficiency of data previously obtained regarding the identification of the customer.</p> <p>4- If the entities have any doubt that the transaction is suspiciously related to ML/FT, regardless of relevant value.</p> <p><u>Sector of Postal Services:</u> Article 5 of AML/CFT Instructions no. 1 of 2012 for postal services entities provides for the following:- “The post operator shall take customer due diligence procedures in the following cases:-</p> <ul style="list-style-type: none"> a. Upon the establishment or when providing a postal financial service or money transfer service to the customer. b. If there is any doubt about the accuracy and sufficiency of data previously obtained regarding the identification of the customer. c. If there is any doubt about any ML/FT case.”
		<ul style="list-style-type: none"> • In the insurance field, the verification of ID by using original documents or data or information from a reliable and independent source (Identification data), as well as verifying if any person claiming to be acting on behalf of the customer is actually authorized to do so or not, in addition to identifying and verifying his ID. 	<p>The AML/CFT law stipulated that the entities shall that are subject to the provisions of the law referred to in article (13) thereof shall comply with the due diligence procedures, including among them the insurance companies, by identifying and verifying the real beneficiary entity; whereas item (1) of paragraph (a) of article (14) of the law stipulated that due diligence shall be given to the identification of the customers entity, legal status, activity of the customer, purpose of the business relationship and its nature, and the beneficiary owner of the relationship between the entities and the customer, if any, and verifying such, as well as the continuous follow up of the transactions that are conducted through an ongoing relationship with their customers by any of the means determined in accordance with the relevant legislation together with recording and maintaining the relevant data pursuant to the provisions of item (6) of paragraph (a) of article (14) of the law.</p>

			<p>Article (7) of the AML/CFT instructions No. (6) for the year 2010 pertaining to insurance activities stipulates the following:</p> <p>“A- The company shall view the official documents to identify the customer and his activity, and to have a copy of those documentation signed by the relevant company employee or authorized person to certify that they are original copies.</p> <p>B- The company shall take the required procedures to verify the validity of the data and information obtained from the customer using neutral and reliable sources, including contacting the competent authorities that issue the official documents which confirm these data, and refer to the website of the Companies Control Department.”</p> <p>Moreover, item (4) of paragraph (a) of article (3) of these instructions ensures that “if some one else deals with the company on behalf of the customer, the company shall take reasonable procedures to obtain sufficient identification data to verify the identity of that other person.”</p>
	•	<ul style="list-style-type: none"> • In the insurance field, requiring the verification if the customer who acts on behalf of another person (beneficial owner), and taking reasonable steps after that for obtaining sufficient data for verifying the ID of the other person, as well as in exchange and insurance, requiring to identify the natural persons who really own or control the customer, including persons who effectively and fully control the legal person or the legal arrangement. 	<p><u>Insurance sector</u></p> <p>The AML/CFT Law defined the beneficiary owner in article (2) as being “the natural person with the real interest for whom the business relationship is conducted for or on his behalf, or who has full or effective control over a legal person or has the right to conclude a legal arrangement on its behalf.”</p> <p>In addition, the AML/CFT instructions No. (6) for the year 2010 pertaining to the insurance activities treated the subject of the beneficiary owner, whereas paragraph (b) of article (2) defined the beneficiary owner as being “the natural person who has the real interest, whom the business relationship is accomplished in his interest or on his behalf, or who has an ultimate or effective control over a juridical person or has the right to conduct any legal action on behalf of that juridical person.”</p> <p>Article (3) of these instructions also stipulated that:</p> <p>A- The company shall apply customer due diligence procedures upon the customer in the cases ascribed in article (4) of these Instructions, in accordance with the procedures mentioned in</p>

			<p>the Instructions, and the customer due diligence shall include the following:-</p> <ol style="list-style-type: none"> 1- Identify and verify the identity and the activity of the customer and the Beneficial Owner. 2- Identify the Beneficial Owner and to take appropriate procedures to verify his identity. 3- Identify the type of insurance policy, its nature, its value, and purpose of the work associated with it. 4- If some one else deals with the company on behalf of the customer, the company shall take reasonable procedures to obtain sufficient identification data to verify the identity of that other person. <p>B- If the company is unable to complete customer due diligence procedures, it shall not conclude the contract with him and shall report the unit according to the provisions of these Instructions in case of suspecting a transaction related to money laundering or financing of terrorism.</p> <p>C- The company shall not deal with persons who are unidentified or have fictitious or shell names, or with shell banks or companies.</p> <p>The instructions also treated the subject of the persons who have an effective control over the customer, whereas item (1) of paragraph (d) of article (7) of the same instructions stipulated that:</p> <p>“D- The following shall be considered in the procedures of identifying the identity and the activity of the juridical person:</p> <ol style="list-style-type: none"> 1- The data of identification shall include the name of the legal person, legal form, location address, type of activity, capital, date and number of registration with the competent authorities including tax number, phone numbers, nature and purpose of conducting business with the company, names and addresses of owners and their shares in the juridical person, and the signatories of the juridical person, terms of the binding authority of the juridical person or legal arrangement whereat the company is aware of the ownership structure and provisions regulating the powers to make binding decisions for the juridical person and any other information the company considers necessary.”
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			<p><u>Exchange sector</u></p> <p>As to the exchange companies required to identify the controlling management of the legal person, item (c) of paragraph (second) of article (3) of the AML/CFT instructions pertaining to exchange companies stipulated the following:</p> <p>“c- The following shall be considered in legal person identification procedures:</p> <p>1- The data of identification should include the full name of the legal person, legal form, owners' names, equity, authorized signatories, location address, type of activity, capital, date and number of registration, tax number, national number of the entity, names and nationalities of the persons who are authorized to deal on behalf of the customer, phone numbers, purpose and nature of the business relationship, and any other information the moneychanger considers necessary, including the beneficiary owner.</p> <p>2- Obtaining the copies of the documents which establish the incorporation of the legal person and its registration with the competent authorities.</p> <p>3- Obtaining the documents, which prove the existence of an authorization by the legal person to the natural persons who represent it, and the purpose and nature of the business relation, identifying and verifying their identities according to the customer identification procedures provided for in these instructions.</p> <p>4- Obtaining information regarding the provisions regulating the business of the legal person.</p> <p>5- Providing reasonable procedures, to identify ownership structure and the controlling management of the legal person.”</p>
	•	<ul style="list-style-type: none"> • Address the following in the instructions issued for the financial institutions: • Requiring them, regarding customers who are legal persons or legal arrangements, to obtain information on the provisions regulating the authority binding the legal person or legal 	<p><u>As to customers who are legal persons</u></p> <p><u>Banking sector</u></p> <p>Article (3) item (second/5/a + b + c) of the AML/CFT instructions No. (51/2010) dated 23/11/2010 stipulates that:</p> <p>“The procedures for identifying the identity of a legal person shall take into consideration the following:</p> <p>a- The date related to the identification of the identity shall include the name of the legal person, legal status, names of</p>

		arrangement.	<p>owners, the shares, the authorized signatories, the headquarters address, the line of business, the capital, registration's date and number, tax number, national identity number of the entity, names and nationalities of signatories authorized to run the account, phone numbers, purpose of the business relationship and its nature, so as the bank is aware of the ownership structure and the provisions governing the powers to take binding decisions for the legal person and any information the bank deems necessary.</p> <p>b- The existence, legal form, names of the owners and the authorized signatories of the legal person shall be verified by virtue of necessary documents and information contained therein, such as, memorandum and articles of association, and the certificates issued by the Ministry of Industry and Trade and certificates issued by the chambers of commerce and industry in addition to obtaining the required official certificate from the competent authority in case the company is registered abroad.</p> <p>c- Obtaining the required documents indicating an authorization by the legal person to natural persons who are authorized to run the account as well as the identity of the person authorized to deal, according to the customer identification procedures provided for in these instructions."</p> <p><u>Exchange sector</u></p> <p>item (c) of paragraph (second) of article (3) of the AML/CFT instructions pertaining to exchange companies stipulated the following:</p> <p>"c- The following shall be considered in legal person identification procedures:</p> <p>1- The data of identification should include the full name of the legal person, legal form, owners' names, equity, authorized signatories, location address, type of activity, capital, date and number of registration, tax number, national number of the entity, names and nationalities of the persons who are authorized to deal on behalf of the customer, phone numbers, purpose and nature of the business relationship, and any other information the moneychanger considers necessary, including the beneficiary owner.</p>
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			<p>2- Obtaining the copies of the documents which establish the incorporation of the legal person and its registration with the competent authorities.</p> <p>3- Obtaining the documents, which prove the existence of an authorization by the legal person to the natural persons who represent it, and the purpose and nature of the business relation, identifying and verifying their identities according to the customer identification procedures provided for in these instructions.</p> <p>4- Obtaining information regarding the provisions regulating the business of the legal person.</p> <p>5- Providing reasonable procedures, to identify ownership structure and the controlling management of the legal person.”</p> <p><u>Securities sector</u></p> <p>Paragraph (d) of article (7) of the AML/CFT instructions pertaining to securities activities stipulated that:</p> <p>“D. The procedures for identifying a legal person and its activities shall observe the following:</p> <p>1. Identification data shall include the legal person’s name, legal form, address of its head office, the type of activity it practices, its share capital, and the date and number of its registration with the competent authorities, including the national number of the entity, its tax number, telephone numbers, the purpose and nature of the business relationship, names and addresses of its owners and their shares in the legal person, names of authorized signatories, and the provisions regulating the binding authority of the legal person or the legal arrangement thereof, so that the parties that are subject to these instructions are aware of the ownership structure and the provisions that regulate the powers to make binding decisions for the legal person, as well as any other information deemed necessary.</p> <p>2. The names and addresses of partners and shareholders whose shares exceed 10% of the company’s share capital.</p> <p>3. To verify the existence of the legal person, its legal entity, and the names of it's owners and authorized signatories through</p>
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			<p>the necessary documents and the information contained therein, such as the memorandum of association, articles of association, and the certificates issued by the Ministry of Industry and Trade, the chambers of Industry and Trade, and the Companies Control Department, in addition to obtaining the required official certificate from the competent authority in case the company is registered abroad.</p> <p>4. To have documents that indicate the authorization by the legal person to the natural persons who represent it and the nature of their relationship with it. To verify their identity and activity in accordance with the procedures for identifying the customer and its activity stipulated in item (1) of paragraph (c) of this article and to verify that there is no legal impediment that prevents dealing with them, and to have specimen of their signatures.”</p> <p><u>Insurance sector</u></p> <p>Paragraph (d) of article (7) of the AML/CFT instructions pertaining to insurance activities stipulated that:</p> <p>“D- The following shall be observed in the procedures of identifying the identity and the activity of the legal person:</p> <p>1- The data of identification shall include the name of the legal person, legal form, location address, type of activity, capital, date and number of registration with the competent authorities including tax number, phone numbers, purpose and nature of the business relationship, names and addresses of owners and their shares in the juridical person, names of the signatories of the juridical person, the provisions which regulates the binding authority of the juridical person or legal arrangement, so as the company is aware of the ownership structure and provisions regulating the powers to make binding decisions for the juridical person and any other information the company considers necessary.</p> <p>2- Verifying the existence of the juridical person and, its legal form, as well as the names of owners and authorized signatories of the juridical person through the necessary documents and the information they include, such as Memorandum of Association, Articles of Association, and certificate issued by the Ministry of</p>
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			<p>Industry and Trade, Chambers of Industry and Trade and Companies Control Department, in addition to the necessity to obtain an official certificate from the competent authorities in case the company is registered abroad.</p> <p>3- Obtaining the documents which prove the existence of an authorization from the legal person to the natural persons who represent it, the nature of their relation with the legal person, identifying their identity and their activities according to the procedures of identifying the identity and the activities of the customer as provided for in item (1) of paragraph (c) of this Article, verifying that there is no legal impediment that prevents dealing with them, and having specimen of their signatures.”</p> <p><u>Financial leasing sector</u></p> <p>Paragraph (f) of article (4) of the AML/CFT instructions pertaining to companies which exercise the financial leasing activity stipulated that:</p> <p>“f- The following shall be observed in the procedures of identifying the identity of the customer if it is a legal person:-</p> <ol style="list-style-type: none"> 1. Obtain the identification particulars comprising the name of the legal person, its legal status, address of the main office, telephone number, type of activity, date and number of registration, national number of the installation, names and nationalities of the authorized signatories for the legal person, their telephone numbers and the purpose and nature of the business relationship as well as any other information or documents deemed necessary by the company for the completion of the identification process. 2. Obtain the official documents or duly certified copies thereof which substantiate the incorporation of the legal person and the registration thereof with the competent authorities as well as the certificates issued by the Ministry of Industry and Trade and the Companies Control Department and the certificates issued by the Chambers of Industry and Trade in addition to the necessity of obtaining an official certificate issued by the competent authorities in case the legal person is registered abroad. 3. Obtain copies of the authorizations issued by the legal person to the natural persons representing it and the nature of their
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			<p>relationship with it, identify the identity of the authorized natural person and beneficiary owner, if any, according to the customer identification procedures provided for in these instructions.</p> <p>4. Obtain information on the provisions which regulate the business of the legal person including the ownership structure and controlling management.”</p> <p><u>Sector of Financial Activities:</u></p> <p>Paragraph (e) of Article 4 of AML/CFT Instructions issued to entities that deal in financial activities provides for the following:-</p> <p>“e- In case the customer is a legal person, there shall be taken into consideration in the customer’s identification procedures the following:-</p> <ol style="list-style-type: none"> 1- Obtaining all identification data, including the legal person’s name, legal form, registered office address, phone number, business type, date and number of registration, and fiscal number, along with the entity’s national number, the names, nationalities, and phone numbers of authorized signatories, and the purpose and nature of the business relationship, with any other information or documents deemed necessary by the entity for the completion of the identification process. 2- Obtaining official documents or duly certified copies thereof, which prove the establishment of the legal person, and registration thereof at competent authorities, like the memorandum of association, the articles of association, the certificates granted by the Ministry of Industry and Trade and the Companies Control Department, and the certificates issued by the chambers of commerce and industry, with the need to obtain an official certificate issued by competent authorities in the event where the company is registered abroad. 3- Obtaining copies of the authorizations granted by the legal person to its representing natural persons, and the nature of relationship between both, while identifying the authorized natural person and the beneficial owner,
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			<p>if existing, pursuant to the customer identification procedures set forth in the aforementioned instructions.</p> <p>4- Obtaining information about the provisions that govern the legal person's activity, including the ownership and control structure, and the decision-making powers".</p> <p><u>Sector of Postal Services:</u></p> <p>Paragraph (d) of Article 4 of AML/CFT Instructions no. 1 of 2012 issued to entities that deal in postal services provides for the following:-</p> <p>"d- In case the customer is a legal person, there shall be taken into consideration in the customer's identification procedures the following:-</p> <ol style="list-style-type: none"> 1- Obtaining all identification data, including the legal person's name, legal form, registered office address, phone number, business type, date and number of registration, and fiscal number, along with the entity's national number, the names, nationalities, and phone numbers of authorized signatories, and the purpose and nature of the business relationship, with any other information or documents deemed necessary by the post operator for the completion of the identification process. 2- Obtaining official documents or duly certified copies thereof, which prove the establishment of the legal person, and registration thereof at competent authorities, like the memorandum of association, the articles of association, the certificates granted by the Ministry of Industry and Trade and the Companies Control Department, and the certificates issued by the chambers of commerce and industry, with the need to obtain an official certificate issued by competent authorities in the event where the company is registered abroad. 3- Obtaining copies of the authorizations granted by the legal person to its representing natural persons, and the nature of relationship between both, while identifying
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			<p>the authorized natural person and the beneficial owner, if existing, pursuant to the customer identification procedures set forth in the aforementioned instructions.</p> <p>4- Obtaining information about the provisions that govern the legal person's activity, including the ownership and control structure and the decision-making powers".</p>
	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Requiring exchange companies to take reasonable measures for understanding the structure of ownership and controlling interest of the customer if he is a legal person. 	<p>The AML/CFT instructions pertaining to exchange companies were amended so as to include the understanding of the ownership structure and the controlling interest of the legal person, whereas item (c) of paragraph (second) of article (3) of the AML/CFT instructions pertaining to exchange companies stipulated that: "c- The following should be considered in legal person identification procedures.</p> <p>1- The data of identification should include the full name of the legal person, legal form, owners' names, equity, authorized signatories, location address, type of activity, capital, date and number of registration, tax number, entity national number, names and nationalities of persons who are authorized to deal on behalf of the customer, phone numbers, purpose and nature of the business relationship, and any other information the moneychanger considers necessary, including the beneficiary owner.</p> <p>2- Obtaining copies of the documents which establish the incorporation and registration of the legal person with the competent authorities.</p> <p>3- Obtaining the documents, which prove the existence of an authorization by the legal person to the natural persons who represent it, and the purpose and nature of the business relation, identifying and verifying their identities according to the customer identification procedures provided for in these instructions.</p> <p>4- Obtaining information regarding the provisions regulating the business of the legal person.</p> <p>5- Providing reasonable procedures, to identify the ownership structure and the controlling management of the legal person.</p>
	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Requiring insurance and exchange 	<u>Exchange sector</u>

		<p>companies to obtain information related to the purpose and the nature of the business relationship for natural persons and requiring securities companies to obtain information related to the purpose and nature of the business relationship for legal persons.</p>	<p>The AML/CFT instructions pertaining to exchange companies comprised the purpose of the business relationship, whereas article (3/second/b/1) stipulated the following:</p> <p>“b- The following should be considered in natural person identification procedures:</p> <p>1- The data of identification of the identity of the customer should include the full name of the customer, nationality, permanent residence address, work address, activity type, purpose and nature of the business relationship, national number, date and place of birth, phone number, information related to the document which proves the identity for non – Jordanians, their passport number, and annual residence permit issued by the Ministry of Interior or the work permit and any other information the moneychanger considers necessary.”</p> <p><u>Insurance sector</u></p> <p>The instructions issued by the insurance commission comprised the purpose of the business relationship regarding the natural persons, whereas item (1) of paragraph (c) of article (7) of the AML/CFT instructions pertaining to the insurance activities stipulated that:</p> <p>“C- The following shall be considered in the procedures of identifying the identity and the activity of the natural person:</p> <p>1- The data of identification shall include the full name of the customer, nationality, date and place of birth, national number for Jordanians and the passport number for non Jordanians, current permanent residence address, purpose and nature of the business relationship and any other information the company considers necessary.”</p> <p><u>Securities</u></p> <p>The AML/CFT instructions pertaining to the securities activities comprised the purpose of the business relationship regarding the natural persons, whereas item (1) of paragraph (d) of article (7) of the AML/CFT instructions pertaining to the insurance activities stipulated the following:</p> <p>“D- The following shall be considered in the procedures of identifying the identity and the activity of the legal person:</p>
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			1- The data of identification shall include the name of the legal person, legal form, location address, type of activity, capital, date and number of registration with the competent authorities including the national number of the entity, its tax number, phone numbers, purpose and nature of the business relationship, names and addresses of owners and their shares in the legal person, and the signatories of the legal person, and the provisions which regulate the binding authority of the legal person or the legal arrangement, whereas the company is aware of the ownership structure and provisions regulating the powers to make binding decisions for the legal person and any other information the company considers necessary."
	•	<ul style="list-style-type: none"> • Requiring exchange companies to include in the ongoing CDD measures the examination of transactions carried out throughout the period of the relationship for ensuring the consistency of the performed transactions with the information which the institution knows about the customers, their activity pattern, the risks they represent, and if necessary, the source of funds, in addition to verifying that the documents or data or information obtained under the CDD measures are continuously updated and appropriate by reviewing the current records, especially with regard to higher-risk customers and business relationship categories. 	<p>Article (6/i) of the AML/CFT instructions pertaining to exchange companies stipulate that "the moneychanger shall audit constantly the transactions conducted throughout the period of the relationship, to guarantee the consistency of transactions conducted with the information the moneychanger possesses about the customers, their activities and the risks they represent."</p> <p>Article (3/first/e) of the said instructions stipulated that "the moneychanger should continuously update the data and documents obtained by virtue of the due diligence procedures, particularly costumers' categories and high-risk business relationships, every two years at most, or when there are emerging reasons that require so, such as when the moneychanger has doubts about the accuracy and convenience of the information previously obtained."</p>
	•	<ul style="list-style-type: none"> • Extension of the instructions issued for the exchange sector regarding the enhanced due diligence CDD measures so that they include a wider range of risk-posing customers and higher-risk business relationships and transactions. 	The AML/CFT instructions pertaining to exchange companies comprised the enhanced due diligence procedures, whereas article (4) stipulated that "the moneychanger should carefully identify the customer and its activity by performing the necessary analysis and studies to verify the financial resources in addition to any other measures needed to verify the nature of the transaction, in addition to the requirements of due diligence stated in article no. (3) of these instructions, in the following

			<p>cases:</p> <p>a- Exchange transactions with persons in countries that do not have appropriate anti money laundering and counter terrorism financing systems.</p> <p>b- Exchange transactions carried out with politically exposed persons who occupy or occupied prominent public functions in a foreign country, such as a president of a country, head of government, politician, judge, military officer, or who occupy or occupied a high standard governmental position or he was a prominent politician or a prominent personality in a political party, or a chief executive officer in public-owned companies, including, the relatives of such persons comprising first degree relatives at least and their partners; provided that due diligence procedures include the provision of an appropriate system to manage the risks and to verify the sources of their wealth and the beneficiary owner and that the business relationship with this category is established with the knowledge of the senior management of the moneychanger and with its approval thereupon.</p> <p>c- Major or unusually complex transactions or any transaction the moneychanger deems as a high-risk transaction with respect to money laundering and counter terrorism financing operations.</p> <p>d- Exchange transactions with no apparent economic or legal purpose, or originated by states that do not apply the recommendations of the Financial Action Task Force (FATF) or inadequately apply the same.</p> <p>e- Exchange transactions with non – resident customers or indirect dealing with customers and which are not carried out face to face, especially the dealing by means of modern technology, such as the internet, or through electronic payment means. In such case, the moneychanger should lay down the necessary policies and procedures to avoid the risks associated to the abuse of indirect dealing with customers and apply the same sufficiently.”</p>
	•	• Removing the confusion related to banks' impermissibility to have a continuous relationship with customers	As to the removal of the confusion related to the banks' impermissibility to have a continuous relationship with customers before completing the verification procedures, article

		before completing the verification procedures.	(3), item (first/3) of the AML/CFT instructions No. (51/2010) dated 23/11/2010 pertaining to banks stipulated the following: “The bank shall exert due diligence procedures with relation to customers before or during the commencement of an ongoing relation, or when the bank has doubt about the accuracy or adequacy of previously obtained customer identification data, and also upon the performance of transactions for occasional customers.”
	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • The implementation of the DD measures vis-à-vis existing customers (existing customers as at the date the national requirements became effective) on the basis of materiality and risk, and addressing the issue of the timing of taking the DD measures towards existing business relationships (regarding the financial institutions operating in the banking sector, and other financial institutions, if appropriate). Following are some examples of times that could otherwise be suitable for this: (a) upon executing a large transaction, (b) when a big change occurs in the way of documenting the customer’s information, (c) when a real change occurs in the way of managing the account and (d) when the institution realizes that it has no sufficient information on one of the existing customers). 	<p>As to the implementation of the Due Diligence measures vis-à-vis existing customers</p> <p><u>Banking sector</u></p> <p>Article (3), item (first/8) of the AML/CFT instructions No. (51/2010) dated 23/11/2010 stipulated the following: “The bank shall exert due diligence for existing customers upon issuance of these instructions on the bases of materiality and risk, and applying customer due diligence measures to such relations with such customers at the following times: a- Upon performing transactions of significant amounts or using banking tools unusually. b- When a substantial change occurs in the mechanism of documentation of customer’s information. c- When there is a noticeable change in the way of managing the account. d- When the bank realizes that there is no sufficient information about any of the existing customers.”</p> <p><u>Exchange sector</u></p> <p>Article (6), item (first/c) of the AML/CFT instructions pertaining to exchange companies stipulated that: “The moneychanger shall exert due diligence with relation to customers in the following cases: 1- If the value of a transaction or a number of transactions that seem to be related exceed (D10000) or the equivalent thereof in foreign currency. 2- If the moneychanger doubts that the occasional transaction is suspected to be related to money laundering or terrorist financing regardless of its value.”</p>

			<p><u>Securities sector</u> The existing customers issue was addressed though paragraph (c) of article (6) of the AML/CFT instructions, which stated that: “c- The entities that are subject to the provisions of the AML/CFT instructions shall exert due diligence vis-à-vis customers dealing with them before the date of issuance of these instructions, on the basis of materiality and risk and they must take the due diligence measures vis-à-vis their relations with such customers at the following times: 1- Upon performing transactions of significant amounts. 2- Upon realizing that there is no sufficient information about any of the existing customers. 3- When there is a noticeable change in the way of managing the account and in the nature of the transactions. 4- When a substantial change occurs in the mechanism of documentation of customer's information.”</p> <p><u>Insurance sector</u> Paragraph (c) of article (6) of the AML/CFT instructions pertaining to insurance activities stipulated that “the company shall comply with the following: c- Apply customer due diligence procedures on customers with whom the company has established insurance relationships before the enforcement of the provisions of these instructions on the basis of materiality and risks and their relation with money laundering and financing of terrorism.”</p> <p><u>Financial leasing sector</u> Article (5) of the AML/CFT instructions pertaining to financial leasing companies stipulated that “the company must apply the due diligence procedures towards the customer in the following cases: a- Upon or during the establishment of a business relationship with the customer. b. Existence of doubts with regard to the extent of accuracy and sufficiency of the data previously acquired regarding the identification of customers. c. Existence of suspicion of occurrence of money laundering or</p>
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			<p>terrorist financing transaction.</p> <p>d- The company may postpone the verification procedures until after the conclusion of the lease contract provided that it applies such procedures the soonest possible and before the maturity date of the first lease installment. It may also take the appropriate procedures to avoid the ML/TF operations risks during the period of postponement, including laying down the internal policy for the number, type and amounts of the transactions which can be implemented before the completion of such procedures.”</p> <p><u>Sector of Financial Activities:</u></p> <p>Paragraph (a) of Article 4 of AML/CFT Instructions issued to entities that deal in financial activities provides for the following:-</p> <p>a- The entities shall be bound to take due diligence procedures in order identify the customer, and relevant legal situation, activity, the purpose and nature of the business relationship, and the beneficial owner, if existing, while verifying the same in detail according to the terms mentioned below, and following up on an ongoing basis the transactions made in the scope of a continuous relationship with his customers, in addition to identifying the nature of the future relationship between the entities and the customer, and pertinent purpose, and registering and keeping relevant data pursuant to the provisions of the aforementioned instructions, in the following cases:-</p> <ol style="list-style-type: none"> 1- Upon the establishment or during the business relationship with the customer. 2- If the value of one single transaction, or several transactions that seem to be linked, exceeds 10,000 or the equivalent amount in foreign currency. 3- If there is any doubt about the accuracy and sufficiency of data previously obtained regarding the identification of the customer. 4- If the entities have any doubt that the transaction is suspiciously related to ML/FT,
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			<p>regardless of relevant value.</p> <p><u>Sector of Postal Services:</u> Article 5 of AML/CFT Instructions no. 1 of 2012 for postal services entities provides for the following:- “The post operator shall take customer due diligence procedures in the following cases:-</p> <ol style="list-style-type: none"> Upon the establishment or when providing a postal financial service or money transfer service to the customer. If there is any doubt about the accuracy and sufficiency of data previously obtained regarding the identification of the customer. If there is any doubt about any ML/FT transaction.”
6- Politically exposed persons	<ul style="list-style-type: none"> Instructions for financial institutions do not cover the following: <ul style="list-style-type: none"> Requiring banks to use “a risk management system” to specify whether the potential customer, customer, or beneficial owner is identified as a Politically Exposed Person PEP. Addressing exchange companies with comprehensive requirements in line with the Essential Criteria of R.6. AML instructions for insurance are not based on the AML law, which does not allow sanctions therein to be imposed on companies violating the instructions. Supervision deficiencies in some aspects (please see section 3-2-2) 	<ul style="list-style-type: none"> Requiring that the banks use a “risk management system” to determine if a future customer, a customer or a beneficial owner is identified as a Politically Exposed Person PEP 	<p>Item (5) of paragraph (a) of article (14) of the AML/CFT law in force provided for: “Paying special attention to the high risk customers' categories, business relationships or transactions and set the relevant measures including:-</p> <p>First: Risk management systems for money laundering and terrorist financing to include the classification of customers into categories according to the degree of risk while developing the required measures to appropriately deal with such risks, and review such classification periodically or in the event of changes that require conducting such review.</p> <p>Second: Policies and measures for preventing the exploitation of new technologies in money laundering and terrorist financing.”</p> <p>Article (5) of the AML/CFT bank instructions No. (51/2010) dated 23/11/2010 stipulated the following:</p> <p>“Article 5: Cases that require special attention in addition to customer due diligence requirements stated in article (3) herein:</p> <p>First: High risk customers with regard to money laundering and terrorist financing transactions:-</p> <p>1- The bank shall classify all its customers according to the degree of risk related to money laundering and terrorist</p>

			<p>financing, taking the following into consideration:</p> <p>a- Consistency of the customer's banking transactions with the nature of his business activity.</p> <p>b- The degree of divergence and interrelation between the opened accounts and level of activity thereof.</p> <p>2- The bank shall set the necessary procedures to deal with the risks mentioned in paragraph (1) above, commensurate with those grades, this classification of customers shall be reviewed according to the degree of risk periodically, or in the event of changes that require such.</p> <p>3- Customers that are considered high risk customers: politically exposed persons, non-resident customers, private banking customers and customers who belong or are in countries that do not apply or insufficiently apply the FATF Recommendations.</p> <p>4- The bank shall take the following procedures on the customer categories mentioned in item (3) above:</p> <p>a- The bank shall set appropriate risk management system to determine whether a potential customer, a customer or the beneficiary owner is one of said categories.</p> <p>b- The approval of the bank's general manager, regional manager, or the person authorized thereby shall be obtained when commencing a relation with these customers. Such approval shall also be obtained when a customer or a beneficiary owner is discovered to be under any of such categories.</p> <p>c- The bank shall take adequate procedures to verify the sources of the wealth of customers and beneficiary owners who fall under such categories.</p> <p>d- The bank shall accurately and continuously monitor the transactions with such customers and give special attention to business relationships and transactions that occur with any of them.</p> <p>e- The bank shall exert the necessary procedures to identify the surrounding circumstances of such business relationships and transactions and purposes thereof, if the bank finds that any of</p>
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			<p>them has no clear economic justifications, and the bank shall maintain records of the outcome.”</p> <p>The financial sector’s supervisory and regulatory authorities (Central Bank of Jordan, Securities Commission, Insurance Commission) make sure, during the inspections visits they pay to all financial institutions they control, of the compliance of these FIs with the AML/CFT instructions in all respects, and they verify if said FIs specify whether the customer, the future customer, or the beneficial owner belongs to any of the categories of high risk customers, and include the same in the findings of the inspection report.</p>
	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Requesting exchange companies to apply a full-scope of requirements in conformity with the Essential Criteria of R.6. 	<p>Article (4/b) of the AML/CFT instructions pertaining to exchange companies stipulated that “the moneychanger should carefully identify the customer and its activity by performing the necessary analysis and studies to verify the financial resources in addition to any other measures needed to verify the nature of the transaction, in addition to the requirements of due diligence stated in article no. (3) of these instructions: Exchange transactions carried out with politically exposed persons who occupy or occupied prominent public functions in a foreign country, such as a president of a country, head of government, politician, judge, military officer, or who occupy or occupied a high standard governmental position or he was a prominent politician or a prominent personality in a political party, or a chief executive officer in public-owned companies, including, the relatives of such persons comprising first degree relatives at least and their partners; provided that due diligence procedures include the provision of an appropriate system to manage the risks and to verify the sources of their wealth and the beneficiary owner and that the business relationship with this category is established with the knowledge of the senior management of the moneychanger and with its approval thereupon.”</p>
	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Requiring exchange companies to identify the level of control to which the foreign companies intended to be contracted with, are subject, including if 	<p>The AML/CFT instructions pertaining to exchange companies determined the procedures to be taken by the moneychanger in case of dealing with foreign institutions, whereas paragraph (j) of article (6) of these instructions stipulated the following:</p>

		they were subject to investigation on ML or TF or a monitoring measure, and requesting from them to evaluate the controls that the original, correspondent institution uses for AML/CFT and verify that they are sufficient and effective.	<p>"In case the moneychanger deals with foreign financial institutions, the following should be performed:</p> <ol style="list-style-type: none"> 1- Obtain the senior management's approval for establishing business relationships with such institutions. 2- Ensure that adequate regulations and controls issued by regulatory authorities dealing with anti money laundering and counter terrorism financing are in place to govern the work of foreign financial institutions intended to be dealt with, and whether any action had ever been taken against them. 3- Ensure that the foreign financial institution intended to be dealt with has adequate regulations and controls pertaining to anti money laundering and counter terrorism financing."
9- Third parties and intermediaries	<ul style="list-style-type: none"> • Instructions issued by the JSC do not cover the possible existence of third parties to which Jordanian financial services companies might have referred to in order to have business relationships with some customers. • AML instructions for insurance based on the AML Law are not issued, which does not allow sanctions therein to be imposed on companies violating the instructions. • Insurance Commission instructions lack regulation: requiring that all relevant DD measures be fully met and such information be obtained immediately, financial institutions should ensure that third parties are under supervision and regulation. In addition, competent authorities are not obliged to study the information available on countries where third parties could exist. 	<ul style="list-style-type: none"> • Instructions issued by the JSC should cover the possible existence of third parties that Jordanian financial services companies referred to in order to have business relationships with some customers. 	<p>The possible existence of third parties that Jordanian financial services companies referred to in order to have business relationships with some customers was treated according to the AML/CFT instructions pertaining to securities activities, whereas article (10) of the instructions stipulated the following:</p> <p>"A. If subject parties rely on third parties for due diligence regarding the Customer, they shall immediately obtain the necessary information related to due diligence, and take adequate measures to verify that copies of personal ID cards and other important documents related to the customer due diligence procedures are available upon request, and that they are kept for the duration stipulated for in 13-1 of these Instructions.</p> <p>B. Notwithstanding the provisions of paragraph (a) of this article, the responsibility for verifying the Customer's data and for their correctness rests with subject parties.</p> <p>C. Subject Parties shall verify that the persons mentioned in paragraph (a) of this article are subject to supervision and regulation in accordance with the provisions of the legislations in force, particularly with regard to anti money laundering and terrorist financing."</p>
	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Dependence on agents and insurance brokers should be organized with regard to the application in a sufficient manner of AML/CFT obligations. 	<p>Article (11) of instructions No. (6) for the year 2010 "Instructions of Anti Money Laundering and Counter Terrorist Financing in Insurance Activities and their amendments" organized the issue of depending on third parties and</p>

			<p>intermediaries (insurance brokers and agents), whereas it stipulated the following:</p> <p>A- If the company relies on the insurance agents and brokers or any third parties to perform the customer due diligence procedures, it shall immediately obtain the necessary information concerning the customer due diligence procedures and to take sufficient procedures to verify that copies of personal ID cards and other important documents related to the customer due diligence procedures are always available upon request, and are kept in accordance with the period mentioned in paragraphs (a) and (c) of Article (14) of these instructions.</p> <p>B- Notwithstanding what is mentioned in paragraph (a) of this article, the responsibility for verifying the customer's data and for their correctness rests with company.</p> <p>C- Persons mentioned in paragraph (a) of this article shall comply with the following:-</p> <p>1- Notify the unit, immediately, of the transactions suspected to be linked to money laundering or financing of terrorism, whether the transaction is accomplished or not, by the mean and the form accredited by the unit for this purpose.</p> <p>2- Enroll into training programs pursuant to the provisions of paragraph (g) of Article (15) of these instructions.</p> <p>D- The company shall ensure that persons mentioned in paragraph (a) of this article are governed and regulated in accordance with the legislation in force especially with regard to anti money laundering and financing of terrorism.”</p>
11- Unusual transactions	<ul style="list-style-type: none"> • Failure to require exchange companies to examine the background and purpose of unusual large-scale or complex transactions, and set forth in writing the findings, make them available to competent authorities and auditors for at least five years. • AML instructions for insurance are not issued based on the AML law, which does not allow imposing sanctions on companies violating the instructions. • The actual compliance, control and 	<ul style="list-style-type: none"> • Issue the AML instructions in the insurance activity based on the AML law in order to be able to impose sentences therein on companies violating the instructions. 	<p>Instructions No. (6) for the year 2010 “Instructions of Anti Money Laundering and Counter Terrorist Financing in Insurance Activities and their amendments” were issued according to the provisions of paragraph (k) of article (23) of the insurance business law No. (33) for the year 1999 and the provisions of item (4) of paragraph (a) of article (14) of the AML/CFT law in force.</p> <p>The AML/CFT law in force provided for sanctions in the event of non-compliance with the AML/CFT laws, regulations and instructions, whereas article (30) of the law stipulated that “any violation to any of the provisions of this law, regulations, instructions and decisions issued by virtue thereof for which a penalty is not specified in the law, the offender shall be fined</p>

	supervision.		with not less than one thousand Dinars and not more than ten thousand Dinars. The fine shall be doubled in the event of recurrence; where the violation is repeated for more than twice, the fine shall be doubled up to the maximum limit."
		<ul style="list-style-type: none"> Require exchange companies to examine to the utmost the background and purpose of unusual large-scale and complicated transactions, set forth the results in writing and to make those results available to competent authorities and auditors for a minimum period of five years. 	Paragraph (h) of article (6) of the AML/CFT instructions pertaining to exchange companies stipulated the following: "The moneychanger should audit and examine complicated transactions and transactions with no apparent economic or legal purpose. The moneychanger shall record its conclusions in writing and make them available for the unit and the competent authorities for a period of not less than five years."
		<ul style="list-style-type: none"> Require FIs to apply specific measures related to dealing with persons belonging to countries that do not, or do not sufficiently, apply the FATF Recommendations. 	<p>As to requiring the financial institutions to apply specific measures related to dealing with persons belonging to countries that do not apply the FATF Recommendations.</p> <p><u>Banking sector</u></p> <p>Article (5) of the AML/CFT instructions No. (51/2010) dated 23/11/2010 stipulated the following: "Article 5: Cases that require special attention in addition to customer due diligence requirements stated in article (3) herein: First: High risk customers with regard to money laundering and terrorist financing transactions:- 1- The bank shall classify all its customers according to the degree of risk related to money laundering and terrorist financing, taking the following into consideration: a- Consistency of the customer's banking transactions with the nature of his business activity. b- The degree of divergence and interrelation between the opened accounts and level of activity thereof. 2- The bank shall set the necessary procedures to deal with the risks mentioned in paragraph (1) above, commensurate with those grades, this classification of customers shall be reviewed according to the degree of risk periodically, or in the event of changes that require such. 3- Customers that are considered high risk customers are: the politically exposed persons, non-resident customers, private</p>

			<p>banking customers and customers who belong or are in countries that do not apply or insufficiently apply the FATF Recommendations.</p> <p>4- The bank shall take the following procedures on the customer categories mentioned in item (3) above:</p> <p>a- The bank shall set appropriate risk management system to determine whether a potential customer, a customer or the beneficiary owner is one of said categories.</p> <p>b- The approval of the bank's general manager, regional manager, or the person authorized thereby shall be obtained when commencing a relation with these customers. Such approval shall also be obtained when a customer or a beneficiary owner is discovered to be under any of such categories.</p> <p>c- The bank shall take adequate procedures to verify the sources of the wealth of customers and beneficiary owners who fall under such categories.</p> <p>d- The bank shall accurately and continuously monitor the transactions with such customers and give special attention to business relationships and transactions that occur with any of them.</p> <p>e- The bank shall exert the necessary procedures to identify the surrounding circumstances of such business relationships and transactions and purposes thereof, if the bank finds that any of them has no clear economic justifications, and the bank shall maintain records of the outcome.</p> <p><u>Exchange sector</u></p> <p>The AML/CFT instructions pertaining to exchange companies determined the procedures to be taken by the moneychanger in case of dealing with persons who do not sufficiently apply the FATF Recommendations, whereas article (4) of these instructions stipulated that "the moneychanger should carefully identify the customer and its activity by performing the necessary analysis and studies to verify the financial resources in addition to any other measures needed to verify the nature of the transaction, in addition to the requirements of due diligence</p>
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			<p>stated in article no. (3) of these instructions, in the following cases:</p> <p>a- Exchange transactions with persons who belong to or who are in countries that do not have appropriate anti money laundering and counter terrorism financing systems.</p> <p>b- Exchange transactions carried out with politically exposed persons who occupy or occupied prominent public functions in a foreign country, such as a president of a country, head of government, politician, judge, military officer, or who occupy or occupied a high standard governmental position or he was a prominent politician or a prominent personality in a political party, or a chief executive officer in public-owned companies, including, the relatives of such persons comprising first degree relatives at least and their partners; provided that due diligence procedures include the provision of an appropriate system to manage the risks and to verify the sources of their wealth and the beneficiary owner and that the business relationship with this category is established with the knowledge of the senior management of the moneychanger and with its approval thereupon.</p> <p>c- Major or unusually complex transactions or any transaction the moneychanger deems as a high-risk transaction with respect to money laundering and counter terrorism financing operations.</p> <p>d- Exchange transactions with no apparent economic or legal purpose, or originated by states that do not apply the recommendations of the Financial Action Task Force (FATF) or inadequately apply the same.</p> <p>e- Exchange transactions with non – resident customers or indirect dealing with costumers and which are not carried out face to face, especially the dealing by means of modern technology, such as the internet, or through of electronic payment means. In such case, the moneychanger should lay down the necessary policies and procedures to avoid the risks associated to the abuse of indirect dealing with customers and apply the same sufficiently.”</p> <p><u>Securities sector</u></p>
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			<p>Item (2) of paragraph (a) of article (9) of the AML/CFT instructions pertaining to securities activities stipulated the following: "Subject Parties shall take special care to know the identity and activities of the Customer with regard to the following:</p> <p>2. Operations that take place with persons who live in or who are citizens of countries that do not have adequate systems to counter money laundering or terrorist financing, or if these countries do not apply international controls related to anti money laundering or terrorist financing adequately, which include special recommendations issued by the Financial Action Task Force."</p> <p><u>Insurance sector</u></p> <p>Item (2) of paragraph (a) of article (9) of the AML/CFT instructions No. (6) for the year 2010 "Instructions of Anti Money Laundering and Counter Terrorist Financing in Insurance Activities and their amendments" clarified the cases where the company shall carry out the due diligence measures to identify the identity and the activity of the customer, with regard to the following:</p> <p>"2- Insurance transactions with persons residing in or coming from countries which do not have appropriate anti money laundering and financing of terrorism systems or which do not apply the international standards related to anti money laundering and financing terrorism, or which do not sufficiently apply them, including the FATF recommendations."</p> <p>The Insurance Commission has adopted a guide to be used by insurance companies in order to detect ML/FT cases in the insurance activities (here attached). The guide provides for the necessity of adopting a system for the classification of customers' risks, provided that the same shall include at least:-</p> <ul style="list-style-type: none"> a- Risks related to insurance products and services. b- Risks related to customers, relevant dealings and activities practiced. c- Risks related to geographic areas, whether the regions where the customer resides or practices most of his/its transactions, or his
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			<p>nationality country.</p> <p><u>Financial leasing sector</u> Paragraph (a) of article (6) of the AML/CFT instructions pertaining to companies which exercise the financial leasing activity stipulated the following: “The company should exert enhanced due diligence in identifying the customer's identity and his activity in the following transactions:- a- Transactions conducted with persons who exist in countries where suitable systems are not available to combat money laundering or terrorist financing.”</p> <p><u>Sector of Financial Activities:</u> Paragraph (a) of Article 6 of AML/CFT Instructions issued to entities that deal in financial activities stipulates the cases requiring due diligence procedures, whenever same exist, including:- a- The transactions that are made with persons who belong or reside in countries that do not apply or insufficiently apply FATF recommendations.</p> <p><u>Sector of Postal Services:</u> Paragraph (a) of Article 7 of AML/CFT Instructions no. 1 of 2012 issued to entities that deal in postal services stipulates the cases requiring due diligence procedures for identification of the customer and relevant activity, including:- “a- The transactions that are made with persons who are in or from countries that do not apply or insufficiently apply FATF recommendations”.</p>
		<ul style="list-style-type: none"> • Finding efficient applied measures that ensure communicating to FIs concerns related to weaknesses in the AML/CFT systems in other countries. 	<p>As to finding efficient applied measures that ensure communicating to financial institutions concerns related to weaknesses in the AML/CFT systems in other countries, in addition to the replies of all the controlling and supervisory authorities engaged in the AML/CFT field to Recommendation (11), paragraph (b) of article (14) of the AML/CFT law in force stipulated the following: “b- External branches of the entities mentioned in article (13) of this law and its affiliates outside the</p>

			<p>Kingdom shall comply with the provisions of this article except for Item (3) of paragraph (a) thereof.”</p> <p><u>Banking sector</u></p> <p>The AML/CFT instructions No. (51/2010) dated 23/11/2020 determined the scope of application of the instructions which comprises the branches of the Jordanian banks which operate abroad and the affiliates of the Jordanian banks outside the Kingdom, to the extent permitted by the laws and regulations in effect in the states where they operate, subject to the application of higher standards, whereas paragraphs (second) and (third) of article (2) of the instructions stipulated that:</p> <p>“Second: Branches of Jordanian banks operating abroad to the extent permitted by laws and regulations in force in these countries, taking into consideration the implementation of the higher standards wherever anti money laundering and counter terrorist financing requirements of home and host countries are different. The Central Bank of Jordan shall be notified of any restrictions or constrains that may limit or prevent the implementation of these instructions.</p> <p>Third: Companies that are subsidiaries to Jordanian banks operating in the Kingdom unless such companies are subject to another supervisory entity in the Kingdom- and such entity issues instructions specific to Anti Money Laundering and Counter Terrorist Financing - and companies that are subsidiaries to Jordanian banks and are operating abroad to the extent permitted by the laws and regulations in force in these countries. Taking into consideration the implementation of the higher standards wherever anti money laundering and counter terrorist financing requirements of home country and host country are different. The Central Bank shall be notified of any restrictions or constrains that may prevent or limit the implementation of these instructions.”</p> <p>Paragraph (second) of article (5) of the said instructions, related to the special care which must be given when dealing with external banks, stipulated the following:</p> <p>“Cases that require special attention in addition to customer due diligence requirements stated in article (3) herein:</p>
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			<p>Second: Dealing with external Banks</p> <p>1- The bank shall apply the customers due diligence requirements in relation to customers stated in article (3) when commencing a relation with an external bank.</p> <p>2- The bank shall verify the nature of the external bank's business activity and reputation thereof in the field of anti money laundering and counter terrorist financing transactions.</p> <p>3- The approval of the bank's general manager or regional manager upon the commencement of a relation with an external bank shall be obtained.</p> <p>4- The bank shall ensure that the external bank is subject to an effective supervision by a supervisory authority in the bank's home country.</p> <p>5- The bank shall verify that the external banks has anti-money laundering and counter terrorist financing systems.</p> <p>6- The bank shall ensure that the external bank has exerted due diligence regarding its customers who have authority to use (payable-through accounts)* and that the external bank is able to provide information related to such customers and transactions made to such accounts when needed."</p> <p>Moreover, the parties existing abroad and dealing with the Jordanian banks fall under the non-residents category, which was taken into consideration in article (5), item (first/3) of the same instructions and which requires special attention in addition to customer due diligence requirements stated in article (3) of such instructions:</p> <p>First: High risk customers with regard to money laundering and terrorist financing transactions:-</p> <p>3- Customers that are considered high risk customers: politically exposed persons, non-resident customers, private banking customers and customers who belong or are in countries that do not apply or insufficiently apply the FATF Recommendations."</p> <p>Article (11), item (second/2) of the instructions compelled each bank to inform its employees of the patterns suspected to be</p>
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			<p>related to money laundering and terrorist financing transactions and stipulated the following: “Third: The bank shall inform the staff of the necessary information about: - 2 - Patterns suspected to be related to money laundering and terrorist financing transactions contained in the annexed guidance manual, and use it as a tool to educate the staff.”</p> <p>Furthermore, the Central Bank of Jordan issued the AML/CFT instructions guide which sets out the indicators through which the banks can discover a transaction suspected to be linked to money laundering or terrorism financing (enclosed).</p> <p><u>Exchange sector</u> Article (2) of the AML/CFT instructions related to exchange companies determined the scope of application of the instructions, whereas it stipulated that “the provisions of these instructions shall apply to moneychangers and branches thereof licensed by the Central Bank of Jordan.” Paragraph (e) of article (4) of the said instructions also referred to the exertion of special attention related to non-resident customers, whereas it stipulated that “the moneychanger should carefully identify the customer and its activity by performing the necessary analysis and studies to verify the financial resources in addition to any other measures needed to verify the nature of the transaction, in addition to the requirements of due diligence stated in article (3) of these instructions, in the following cases: e- Exchange transactions with non – resident customers or indirect dealing with customers and which are not carried out face to face, especially the dealing by means of modern technology, such as the internet, or through electronic payment means. In such case, the moneychanger should lay down the necessary policies and procedures to avoid the risks associated to the abuse of indirect dealing with customers and apply the same sufficiently.”</p> <p>The AML/CFT instructions pertaining to exchange companies determined the procedures to be taken by the moneychanger in</p>
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			<p>case of dealing with foreign institutions, whereas paragraph (j) of article (6) of these instructions stipulated the following: “j- In case the moneychanger deals with foreign financial institutions, the following should be performed: 1- Obtain the senior management’s approval for establishing business relationships with such institutions. 2- Ensure that adequate regulations and controls issued by regulatory authorities dealing with anti money laundering and counter terrorism financing are in place to govern the work of foreign financial institutions intended to be dealt with, and whether any action had ever been taken against them. 3- Ensure that the foreign financial institution intended to be dealt with has adequate regulations and controls pertaining to anti money laundering and counter terrorism financing.”</p> <p>Item (2) of paragraph (f) of article (6) stipulated that “the moneychanger shall acquaint its employees with the following: 2- The guidelines of identifying suspicious patterns of anti money laundering and counter terrorism financing transactions.”</p> <p>The Central Bank of Jordan also issued the AML/CFT instructions guide (enclosed) which comprised the definition of the stages of ML/TF transactions, the indicators of the existence of transactions suspected to be linked to ML/TF, through the activities conducted by the moneychanger and related to the cash operations, international exchange and financial transfers and transactions, especially the execution of exchange transactions associated to exchange units or external exchange units (offshore), the e-exchange services, the shipping operations, and the behaviors of the moneychanger employee and the customer, in addition to the use of all the possible means to follow-up the suspected operations and deals, through regulatory reports, lists of non-cooperating countries, lists of persons and entities prosecuted internationally and follow-up of the world developments in this field.</p> <p><u>Securities sector</u></p>
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			<p>Article (2) of the AML/CFT instructions related to securities activities determined the scope of application of the instructions, whereas it stipulated the following: "The scope of application: the provisions of these instructions shall apply to:</p> <p>A. Financial services companies licensed by the Commission, and its branches</p> <p>B. The custodian unless it is subject to the supervision of another supervisory authority within the Kingdom.</p> <p>C. Mutual investment companies and mutual investment funds registered with the Commission, all collectively referred to as "parties that are subject to the provisions of these instructions".</p> <p>Items (2) and (5) of article (9) of the said instructions also stipulated the following: " The subject parties shall take special care to know the identity and activities of the customer with regard to the following:-</p> <p>2- Operations that take place with persons who live in or who are citizens of countries that do not have adequate systems to counter money laundering or terrorist financing, or if these countries do not apply international controls related to anti money laundering or terrorist financing or if they do not apply them adequately, which include the recommendations issued by the Financial Action Task Force.</p> <p>5- Transactions that are conducted through non-resident Customers."</p> <p>Item (2) of article (19) of the instructions stipulated that "Subject Parties shall acquaint their employees with the guidelines for identifying patterns suspected to fall within money laundering and terrorist financing operations."</p> <p>The securities commission has an AML/CFT guidance manual pertaining to the securities activities (enclosed) which sets out indicators which arise suspicions of money laundering and terrorism financing, knowing that the manual was recently</p>
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			<p>updated during January 2011, to comprise the terrorism financing and new cases which are suspected of money laundering and/or terrorism financing.</p> <p><u>Insurance sector</u></p> <p>AML/CFT instructions No. (6) for the year 2010 pertaining to insurance activities shall apply to the branches of companies and their subsidiaries operating abroad, whereas article (17) of the instructions stipulated that:</p> <p>“A- The company shall ensure that its branches or subsidiaries operating outside the Kingdom apply the provisions of these Instructions and Decisions issued by virtue thereof, especially in countries that do not apply the international standards for combating money laundering and financing of terrorism, or do not sufficiently apply them, including the FATF recommendations, where in this case the higher standards shall be applied, to the extent allowed by the legislations in force in such countries.</p> <p>B- If the legislations in force in the countries where the company’s branches and subsidiaries engaged in the insurance business outside the kingdom prohibit the implementation of the provisions of these Instructions and Decisions issued by virtue thereof, the company shall notify the Commission that it cannot implement the provisions of these Instructions or Decisions issued by virtue thereof, and the Commission in this case shall take what it deems appropriate.</p> <p>C- Notwithstanding what is stated in paragraph (a) of this article, the provision of paragraph (b) of article (13) of these Instructions shall not be applied on the branches of the company or its subsidiaries operating outside the Kingdom.”</p> <p>Paragraph (a) of article (9) of the said instructions set out the cases where the company must exert due diligence for identifying the customer and his activity, related to the following:</p> <p>1- Large insurance transactions and which have no apparent economic or visible lawful purpose; the company shall set the necessary procedures to examine the background of the surrounding circumstances of such transactions and their</p>
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			<p>purposes, and shall keep the result of such examination in its records.</p> <p>2- Insurance transactions with persons residing in or coming from countries which do not have appropriate anti money laundering and financing of terrorism systems or which do not apply the international standards related to anti money laundering and financing terrorism, or do not sufficiently apply them, including the FATF recommendations.</p> <p>3- Any transaction the company deems at its own discretion that it represents a high level of money laundering and financing of terrorism risks.</p> <p>4- Dealing with politically exposed persons.”</p> <p>Paragraph (g) of article (15) of the said instructions stipulated that “the company shall establish proper internal system which includes internal policies, principles, procedures, and controls to prevent money laundering and financing of terrorism, this system shall include the following:-</p> <p>G- Implementing ongoing training plans and programs for employees that the nature of their works require dealing with insurance transactions that can be used in money laundering and financing of terrorism, provided that such training programs shall include money laundering and financing of terrorism methods, the manner in which it is discovered and reported, the manner of dealing with the suspected customers in accordance with the legislation related to anti money laundering and financing of terrorism.”</p> <p>The insurance commission prepared an instructions guide to which the insurance companies refer for discovering ML/FT operations in insurance activities, which is expected to be published in the next months, in implementation of the provisions of paragraph (e) of article (15) and pursuant to the provisions of article (21) of the AML/CFT instructions No. 6 for the year 2010 and their amendments. The guide comprises the necessary adoption of a system for the classification of the risks represented by the customers, provided that it contains at the least the following:</p> <p>a- Risks related to insurance services and products</p> <p>b- Risks related to customers, their dealings and activities they</p>
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			<p>practice</p> <p>c- Risks related to geographical areas, whether areas where the customer resides or practices the majority of his transactions or the country of which he holds the nationality.</p> <p>In 2011, the aforementioned guide was issued by the Insurance Commission to the sector of insurance companies; such guide helps the insurance companies classify the customers' risks (here attached).</p> <p><u>Financial leasing sector</u></p> <p>Paragraph (b) of article (2) of the AML/CFT instructions pertaining to financial leasing companies determined the scope of application of the instructions, whereas it stipulated that “ the provisions of these instructions shall apply to the following:</p> <p>b- External branches and subsidiary companies operating outside the Kingdom referred to in paragraph (a) of this article, to the extent permitted by laws and regulations in force in these countries, taking into consideration the implementation of the higher standards wherever anti money laundering and counter terrorist financing requirements of home and host countries are different. The Companies Control Department shall be notified of any restrictions or constraints that may prevent or limit the implementation of these instructions.”</p> <p>Paragraphs (a/f) of article (6) of the said instructions stated that “the company should exert enhanced due diligence in identifying the customer's identity and his activity in the following transactions:</p> <p>a- Transactions conducted with persons who exist in countries where suitable systems are not available to combat money laundering or terrorist financing.</p> <p>f. The transactions which are conducted through non-resident customers.”</p> <p>Item (2) of paragraph (e) of article (10) of the said instructions stated that: “the financial leasing company shall inform the staff of the necessary information about: -</p> <p>2 - Patterns suspected to be related to money laundering and terrorist financing transactions.”</p> <p>The unit will soon coordinate with the commercial register</p>
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			<p>directorate at the Ministry of Industry and Commerce to create a guidelines manual for the financial leasing sector, regarding the indicators which fall within the ML/FT operations and it will circulate it among companies which are engaged in the financial leasing activity, knowing that the unit has furnished the regulatory authorities which supervise the companies engaged in the financial leasing activity with the project of ML/FT operations indicators and trends issued by the MENAFATF in order to circulate it among the companies operating in the sector.</p> <p>The Ministry of Industry and Trade / Companies Control Department has finalized the AML/CFT guide for financial leasing companies (here attached), and circulated the same to such companies by virtue of the Companies General Controller's letter no. (1/5/32/20254) dated 23/4/2012 (here attached), whereas the aforementioned guide sets forth the techniques of transactions that are suspected of being related to ML/FT, and the ML stages with the techniques used to conceal the FT sources.</p> <p><u>Sector of Financial Activities:</u> AML/CFT Instructions no. 3 of 2011 issued to entities that deal in financial activities shall apply to branches abroad and affiliates of such companies, whereas Paragraph (b), Article 3 of the Instructions stipulated: "The provisions of the present Instructions shall apply to:- b- The branches abroad and the affiliates of the entities referred to in Paragraph (a) hereof which are established outside the Kingdom, to the extent permitted by applicable laws and regulations in the state where they exist, subject to the application of stricter standards in case of difference between the AML/CFT requirements in the hosting country and those in the mother country; and the competent authorities shall be informed of any obstacles or restrictions that may limit or prevent the application of</p>
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			<p>the aforementioned instructions”.</p> <p>Furthermore, Paragraphs (a) and (f) of Article 6 of the aforementioned Instructions read: “The entities shall take due diligence procedures for identification of the customer and relevant activity, in the following transactions:-</p> <ul style="list-style-type: none"> a- The transactions that are made with persons who are in or from countries that do not apply or insufficiently apply FATF recommendations. f- The transactions made through non-resident customers”. <p>The Unit, in cooperation with the Companies Control Department, has prepared a guide which makes such entities familiar with the ML/FT stages, and the main indicators inferring the existence of ML/FT suspicious transactions (here attached); same was circulated to the entities in question by virtue of the Companies General Controller’ letter no. (CC/1/5/26/13008) dated 21/3/2012 (here attached).</p> <p><u>Sector of Postal Services:</u></p> <p>Paragraphs (a) and (f) of Article 7 of AML/CFT Instructions no. 1 of 2012 issued to entities that deal in postal services stipulate the cases requiring due diligence procedures for identification of the customer and relevant activity, including:-</p> <ul style="list-style-type: none"> “a- The transactions that are made with persons who belong or reside in countries that do not apply or insufficiently apply FATF recommendations. f- The transactions made through non-residing customers”. <p>The TRC, in cooperation with the Unit, has issued a guide which makes such entities familiar with the ML/FT stages, and the main indicators inferring the existence of ML/FT suspicious transactions (here attached).</p>
		<ul style="list-style-type: none"> • Require exchange companies to examine the background and purpose of transactions with no apparent economic or legal purpose from countries that do 	<p>Paragraph (d) of article (4) of the AML/CFT instructions pertaining to exchange companies stipulated that “Moneychanger should carefully identify the customer and its activity by performing the necessary analysis and studies to verify the financial resources in addition to any other measures</p>

		not sufficiently apply the FATF Recommendations.	needed to verify the nature of the transaction, in addition to the requirements of due diligence stated in article no. (3) of these instructions, in the following cases:- d- Exchange transactions with no apparent economic or legal purpose, or originated by states that do not apply recommendations of the Financial Action Task Force (FATF) or inadequately apply the same."
		<ul style="list-style-type: none"> Require financial services companies to comply with comprehensive obligations related to dealing with customers residing in countries that do not, or do not sufficiently, comply with the FATF Recommendations. 	<p>Item (2) of paragraph (a) of article (9) of the AML/CFT instructions pertaining to securities activities stipulated the following: "Subject Parties shall take special care to know the identity and activities of the Customer with regard to the following:</p> <p>2. Operations that take place with persons who live in or who are citizens of countries that do not have adequate systems to counter money laundering or terrorist financing, or if these countries do not apply international controls related to anti money laundering or terrorist financing or which do not apply them adequately, which include special recommendations issued by the Financial Action Task Force."</p>
	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Develop and diversify appropriate measures to be taken in case a country continues in its non-application or insufficient application of the FATF Recommendations. 	<p>As to developing and diversifying the counteractive measures in case a country continues in its non-application or insufficient application of the FATF Recommendations, paragraph (b) of article (14) of the AML/CFT law in force stipulated that "b- External branches of the entities mentioned in article (13) of this law and its affiliates outside the Kingdom shall comply with the provisions of this article except for item (3) of paragraph (a) thereof."</p> <p><u>Banking sector</u></p> <p>The AML/CFT instructions No. (51/2010) dated 23/11/2020 determined the scope of application of the instructions which comprises the branches of the Jordanian banks which operate abroad and the affiliates of the Jordanian banks outside the Kingdom, to the extent permitted by the laws and regulations in effect in the states where they operate, subject to the application of higher standards, whereas paragraphs (second) and (third) of article (2) of the instructions stipulated that:</p> <p>"Second: Branches of Jordanian banks operating abroad to the</p>

			<p>extent permitted by laws and regulations in force in these countries, taking into consideration the implementation of the higher standards wherever anti money laundering and counter terrorist financing requirements of home and host countries are different. The Central Bank of Jordan shall be notified of any restrictions or constrains that may limit or prevent the implementation of these instructions.</p> <p>Third: Companies that are subsidiaries to Jordanian banks operating in the Kingdom unless such companies are subject to another supervisory entity in the Kingdom- and such entity issues instructions specific to Anti Money Laundering and Counter Terrorist Financing - and companies that are subsidiaries to Jordanian banks and are operating abroad to the extent permitted by the laws and regulations in force in these countries. Taking into consideration the implementation of the higher standards wherever anti money laundering and counter terrorist financing requirements of home country and host country are different. The Central Bank shall be notified of any restrictions or constrains that may prevent or limit the implementation of these instructions.”</p> <p>Paragraph (second) of article (5) of the said instructions, related to the special care which must be given when dealing with external banks, stipulated the following: “Cases that require special attention in addition to customer due diligence requirements stated in article (3) herein: Second: Dealing with external Banks 1- The bank shall apply the customers due diligence requirements in relation to customers stated in article (3) when commencing a relation with an external bank. 2- The bank shall verify the nature of the external bank’s business activity and reputation thereof in the field of anti money laundering and counter terrorist financing transactions. 3- The approval of the bank’s general manager or regional manager upon the commencement of a relation with an external bank shall be obtained. 4- The bank shall ensure that the external bank is subject to an effective supervision by a supervisory authority in the bank’s</p>
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			<p>home country.</p> <p>5- The bank shall verify that the external banks has anti-money laundering and counter terrorist financing systems.</p> <p>6- The bank shall ensure that the external bank has exerted due diligence regarding its customers who have authority to use (payable-through accounts)* and that the external bank is able to provide information related to such customers and transactions made to such accounts when needed.”</p> <p>Moreover, the parties existing abroad and dealing with the Jordanian banks fall under the non-residents category, which was taken into consideration in article (5), item (first/3) of the same instructions that they require special attention in addition to the due diligence requirements which stipulated the “events which require special attention, in addition to due diligence requirements stated in article (3) of such instructions:</p> <p>First: High risk customers with regard to money laundering and terrorist financing transactions:-</p> <p>3- Customers that are considered high risk customers: politically exposed persons, non-resident customers, private banking customers and customers who belong or are in countries that do not apply or insufficiently apply the FATF Recommendations.”</p> <p><u>Exchange sector</u></p> <p>Article (2) of the AML/CFT instructions related to exchange companies determined the scope of application of the instructions, whereas it stipulated that “the provisions of these instructions shall apply to moneychangers and branches thereof licensed by the Central Bank of Jordan.”</p> <p>Paragraph (e) of article (4) of the said instructions also referred to the exertion of special attention related to non-resident customers, whereas it stipulated that “the moneychanger should carefully identify the customer and its activity by performing the necessary analysis and studies to verify the financial resources in addition to any other measures needed to verify the nature of the transaction, in addition to the requirements of due diligence stated in article (3) of these instructions, in the</p>
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			<p>following cases:</p> <p>e- Exchange transactions with non – resident customers or indirect dealing with customers and which are not carried out face to face, especially the dealing by means of modern technology, such as the internet, or through electronic payment means. In such case, the moneychanger should lay down the necessary policies and procedures to avoid the risks associated to the abuse of indirect dealing with customers and apply the same sufficiently.”</p> <p>The AML/CFT instructions pertaining to exchange companies determined the procedures to be taken by the moneychanger in case of dealing with foreign institutions, whereas paragraph (j) of article (6) of these instructions stipulated the following:</p> <p>“j- In case the moneychanger deals with foreign financial institutions, the following should be performed:</p> <ol style="list-style-type: none"> 1- Obtain the senior management’s approval for establishing business relationships with such institutions. 2- Ensure that adequate regulations and controls issued by regulatory authorities dealing with anti money laundering and counter terrorism financing are in place to govern the work of foreign financial institutions intended to be dealt with, and whether any action had ever been taken against them. 3- Ensure that the foreign financial institution intended to be dealt with has adequate regulations and controls pertaining to anti money laundering and counter terrorism financing.” <p>The AML/CFT instructions pertaining to exchange companies determined the procedures to be taken by the moneychanger in case of dealing with persons who do not sufficiently apply the FATF Recommendations, whereas article (4) of these instructions stipulated that “the moneychanger should carefully identify the customer and its activity by performing the necessary analysis and studies to verify the financial resources in addition to any other measures needed to verify the nature of the transaction, in addition to the requirements of due diligence stated in article no. (3) of these instructions, in the following cases:</p> <p>a- Exchange transactions with persons who belong to or who</p>
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			<p>are in countries that do not have appropriate anti money laundering and counter terrorism financing systems.</p> <p>b- Exchange transactions carried out with politically exposed persons who occupy or occupied prominent public functions in a foreign country, such as a president of a country, head of government, politician, judge, military officer, or who occupy or occupied a high standard governmental position or he was a prominent politician or a prominent personality in a political party, or a chief executive officer in public-owned companies, including, the relatives of such persons comprising first degree relatives at least and their partners; provided that due diligence procedures include the provision of an appropriate system to manage the risks and to verify the sources of their wealth and the beneficiary owner and that the business relationship with this category is established with the knowledge of the senior management of the moneychanger and with its approval thereupon.</p> <p>c- Major or unusually complex transactions or any transaction the moneychanger deems as a high-risk transaction with respect to money laundering and counter terrorism financing operations.</p> <p>d- Exchange transactions with no apparent economic or legal purpose, or originated by states that do not apply the recommendations of the Financial Action Task Force (FATF) or inadequately apply the same.</p> <p>e- Exchange transactions with non – resident customers or indirect dealing with costumers and which are not carried out face to face, especially the dealing by means of modern technology, such as the internet, or through of electronic payment means. In such case, the moneychanger should lay down the necessary policies and procedures to avoid the risks associated to the abuse of indirect dealing with customers and apply the same sufficiently.”</p> <p><u>Securities sector</u></p> <p>Article (2) of the AML/CFT instructions pertaining to securities activities determined the scope of application of the instructions, whereas it stipulated the following: “scope of</p>
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			<p>application"- the provisions of these instructions shall apply to the following:</p> <p>A. Financial services companies licensed by the Commission, and its branches</p> <p>B. The custodian unless it is subject to the supervision of another supervisory authority within the Kingdom.</p> <p>C. Mutual investment companies and mutual investment funds registered with the Commission; all collectively referred to as "Subject Parties to the provisions of these Instructions".</p> <p>Items (2) and (5) of article (9) of the said instructions also stipulated the following: "The subject parties shall take special care to know the identity and activities of the customer with regard to the following:-</p> <p>2- Operations that take place with persons who live in or who are citizens of countries that do not have adequate systems to counter money laundering or terrorist financing, or if these countries do not apply international controls related to anti money laundering or terrorist financing or if they do not apply them adequately, which include the recommendations issued by the Financial Action Task Force.</p> <p>5- Transactions that are conducted through non-resident Customers."</p> <p><u>Insurance sector</u></p> <p>AML/CFT instructions No. (6) for the year 2010 pertaining to insurance activities shall apply to the branches of companies and their subsidiaries operating abroad, whereas article (17) of the instructions stipulated that:</p> <p>"A- The company shall ensure that its branches or subsidiaries operating outside the Kingdom apply the provisions of these Instructions and Decisions issued by virtue thereof, especially in countries that do not apply the international standards for combating money laundering and financing of terrorism, or do not sufficiently apply them, including the FATF recommendations, where in this case the higher norms shall be applied, to the extent allowed by the legislations in force in such countries.</p>
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			<p>B- If the legislations in force in the countries where the company's branches and subsidiaries engaged in the insurance business outside the kingdom prohibit the implementation of the provisions of these Instructions and Decisions issued by virtue thereof, the company shall notify the Commission that it cannot implement the provisions of these Instructions or Decisions issued by virtue thereof, and the Commission in this case shall take what it deems appropriate.</p> <p>C- Notwithstanding what is stated in paragraph (a) of this article, the provision of paragraph (b) of article (13) of these Instructions shall not be applied on the branches of the company or its subsidiaries operating outside the Kingdom.”</p> <p>Paragraph (a) of article (9) of the said instructions set out the cases where the company must exert due diligence for identifying the customer and his activity, related to the following:</p> <p>1- Large insurance transactions and which have no apparent economic or visible lawful purpose; the company shall set the necessary procedures to examine the background of the surrounding circumstances of such transactions and their purposes, and shall keep the result of such examination in its records.</p> <p>2- Insurance transactions with persons residing in or coming from countries which do not have appropriate anti money laundering and financing of terrorism systems or which do not apply the international standards related to anti money laundering and financing terrorism, or do not sufficiently apply them, including the FATF recommendations.</p> <p>3- Any transaction the company deems at its own discretion that it represents a high level of money laundering and financing of terrorism risks.</p> <p>4- Dealing with politically exposed persons.”</p> <p><u>Financial leasing sector</u></p> <p>Paragraph (b) of article (3) of the AML/CFT instructions pertaining to financial leasing companies determined the scope of application of the instructions, whereas it stipulated that “ the provisions of these instructions shall apply to the following:</p> <p>b- External branches and subsidiary companies operating</p>
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			<p>outside the Kingdom referred to in paragraph (a) of this article, to the extent permitted by laws and regulations in force in these countries, taking into consideration the implementation of the higher standards wherever anti money laundering and counter terrorist financing requirements of home and host countries are different. The Companies Control Department shall be notified of any restrictions or constraints that may prevent or limit the implementation of these instructions.”</p> <p>Paragraphs (a/f) of article (6) of the said instructions stated that “the company should exert enhanced due diligence in identifying the customer's identity and his activity in the following transactions:</p> <p>a- Transactions conducted with persons who exist in countries where suitable systems are not available to combat money laundering or terrorist financing.</p> <p>f. The transactions which are conducted through non-resident customers.”</p> <p><u>Sector of Financial Activities:</u> AML/CFT Instructions no. 3 of 2011 issued to entities that deal in financial activities shall apply to branches abroad and affiliates of such companies, whereas Paragraph (b), Article 3 of the Instructions stipulated: “The provisions of the present Instructions shall apply to:-</p> <p>b- The branches abroad and the affiliates of the entities referred to in Paragraph (a) hereof which are established outside the Kingdom, to the extent permitted by applicable laws and regulations in the state where they exist, subject to the application of stricter standards in case of difference between the AML/CFT requirements in the hosting country and those in the mother country; and the competent authorities shall be informed of any obstacles or restrictions that may limit or prevent the application of the aforementioned instructions”.</p> <p>Furthermore, Paragraphs (a) and (f) of Article 6 of the</p>
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			<p>aforementioned Instructions read: "The entities shall take due diligence procedures for identification of the customer and relevant activity, in the following transactions:-</p> <ul style="list-style-type: none"> a- The transactions that are made with persons who are in or from countries that do not apply or insufficiently apply FATF recommendations. f- The transactions made through non-resident customers". <p><u>Sector of Postal Services:</u> Paragraph (a) of Article 7 of AML/CFT Instructions no. 1 of 2012 issued to entities that deal in postal services stipulate the cases requiring due diligence procedures for identification of the customer and relevant activity, including:-</p> <p>"a- The transactions that are made with persons who are in or from countries that do not apply or insufficiently apply FATF recommendations.</p> <p>f- The transactions made through non-resident customers".</p>
	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Ensure a level of supervision and verification that guarantees FI's compliance with the content of these two Recommendations. 	<p>Paragraphs (b) and (c) of article (18) of the AML/CFT law in force stipulated the following:</p> <p>"b- The regulatory and supervisory authorities shall undertake to establish and provide means necessary to verify the compliance of the entities subject to the provisions of this law with the provisions stated therein, regulations, instructions and decisions issued by virtue thereof, in addition to the issuance of the necessary instructions pursuant to the provisions of this law.</p> <p>c- The authorities stated in paragraph (a) of this article shall comply with the following:-</p> <ul style="list-style-type: none"> 1- Taking the necessary procedures and means to exchange information and coordinating with the Unit regarding anti money laundering and counter terrorist financing. 2- Immediately notifying the Unit should, in the course of performing their competences in accordance with the provisions of the legislation in force, suspicion of money laundering or terrorist financing is established. The Unit may notify such authorities of the procedures undertaken in accordance with the provisions of this law, if deemed necessary." <p>Article (30) of the said law also stipulated in the event where the subject parties breach any of the instructions issued by the</p>

			<p>regulatory and supervisory authorities that “any violation to any of the provisions of this law, regulations, instructions and decisions issued by virtue thereof for which a penalty is not specified in the law, the offender shall be fined with not less than one thousand Dinars and not more than ten thousand Dinars. The fine shall be doubled in the event of recurrence; where the violation is repeated for more than twice, the fine shall be doubled up to the maximum limit.”</p> <p>As to ensuring a level of supervision and verification that guarantees FI's compliance with the content of these two Recommendations</p> <p><u>Banking sector</u></p> <p>Article (9), items (third), (fourth) and (tenth) of the AML/CFT bank instructions No. (51/2010) dated 23/11/2010 stipulated that:</p> <p>“Article (9): Internal System:</p> <p>The bank shall set a proper internal system which includes internal policies, procedures and controls for anti money laundering and counter terrorist financing. This system shall include the following:</p> <p>Third: Allocate an independent and qualified staff within the Department of Internal Audit provided with sufficient resources to test the compliance with procedures, policies, and internal controls to combat money laundering and terrorist financing.</p> <p>Fourth: A proper mechanism to verify the compliance with anti money laundering and counter terrorist financing policies and procedures by all staff of the audit mentioned in item (third) of this Article and the Reporting Officer, taking into consideration coordination of authorities and responsibilities determination between them.</p> <p>Tenth: Setting systems and procedures that ensure the performance of internal audit bodies of their role in examining internal control and supervision systems to guarantee their efficiency in anti money laundering and counter terrorist financing and reviewing such periodically, suggesting whatever necessary to complement any lack therein and update and</p>
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			<p>develop the effectiveness and efficiency thereof.”</p> <p>Article (11), item (second) of the said instructions stipulated the following: “Article 11: Final Provisions Second: The bank shall include the agreement signed with the external auditor (Engagement Letter) requiring the auditor to make sure that the bank is fully implementing these instructions and the adequacy of the bank policies and procedures relating thereto, and include the results of that in his report to the management with the need to inform the Central Bank immediately upon discovering any violation of these instructions.”</p> <p>During 2009, the specialized ML/TF operations inspection manual for the banking sector was adopted. It contains the inspection of all the banking operations which may be abused in the ML/TF transactions. During the period from 3 to 7/5/2009, a training session was held for the employees of the regulatory groups at the Central Bank of Jordan, under the supervision of the expert of the technical assistance office/the US treasury department, to inform them about the inspection manual and the appropriate mechanism of using such manual in the inspection of the transactions which are suspected to be linked to money laundering or terrorism financing. The manual was put into effect; moreover, a number of employees of the banking system supervision department at the Central Bank of Jordan were sent to attend a number of sessions specialized in AML/CFT (enclosed). In addition, (15) new employees were recruited in the banking system supervision department at the Central Bank of Jordan in 2009, in the fields of office and field supervision.</p> <p>During the periodical visits aimed at inspecting the banks business, inspecting the extent of compliance of such banks with the AML/CFT instructions, including the findings of the inspection and reflecting their effect on the classification of the bank in the inspection report according to the classification principles approved whether for local banks (CAMEL) or for foreign banks (ROCA) are regarded as an essential part of the evaluation of the banks management, in addition to the office</p>
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			<p>follow-up of the daily movements of the facilities and the deposits which exceed one million Dinars. In the event where cases suspected to be linked to money laundering or terrorism financing are discovered without the bank notifying the unit thereof, the Central Bank of Jordan shall notify the unit of such, whether such cases were discovered through the field inspection visits or the office follow-up.</p> <p>Furthermore, in 2010, the Central Bank of Jordan sent warnings to the banks which are not in compliance with the provisions of the AML/CFT instructions, requesting some of the banks to provide it with a time schedule to remedy such breaches.</p> <p>In the year 2011 and the first quarter of 2012, the following took place:</p> <ul style="list-style-type: none"> - Onsite inspection of the activities of 15 licensed banks, whereas, as an integral part of these missions, there was rated the compliance of the competent banks with the AML/CFT Instructions, and the findings, whether violations or observations, were included in the inspection reports, and relevant effects were reflected on the classification of the banks based on the applicable classification principles. - Warning penalty was addressed to three banks due to their violation of the aforementioned instructions, two of which were asked to provide the Central Bank with a time schedule for rectification of said violations. - Three of the banks were alerted of the necessity of complying with the aforementioned instructions, whereas the same violated some provisions of AML/CFT Instructions. <p>During the onsite inspection visits, two ML suspicious cases were detected and the Central Bank of Jordan reported the same to the AML/CFT Unit, and another case was detected during the offsite follow-up, and the Central Bank of Jordan reported</p>
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			<p>the same to the AML/CFT Unit.</p> <p>The Central Bank of Jordan issued a circular to all banks operating in the Kingdom on 3/7/2012, providing for the necessity of complying thoroughly with the AML/CFT Instructions no. 51/2010, while taking necessary measures to urge their customers to update their data (here attached).</p> <p><u>Exchange sector</u></p> <p>Paragraphs (e/g) of article (6) of the AML/CFT instructions pertaining to exchange companies stipulated that “the moneychanger shall perform the following:</p> <p>e- Allocate an independent and qualified staff within the Department of Internal Audit provided with sufficient resources to test the compliance with procedures, policies, and internal controls to combat money laundering and terrorist financing.</p> <p>g- Setting systems and procedures that ensure the performance of internal audit bodies of their role in examining internal control and supervision systems to guarantee their efficiency in anti money laundering and counter terrorist financing and reviewing such periodically to complement any lack therein and update and develop the effectiveness and efficiency thereof.”</p> <p>Article (10) of the said instructions also stipulated that “the moneychanger shall include in the contract entered into with chartered accountant some items that obligate the chartered accountant to apply such instructions, evaluate the adequacy of policies and procedures concerning anti money laundering and counter terrorism financing, and include the findings in his report. The Central Bank shall be informed promptly if the chartered accountant discovers any violation to this regulation.”</p> <p>There is also a continuous and permanent inspection conducted by the banking system supervision department at the Central Bank of Jordan on the exchange companies to verify the compliance of the companies with the AML/CFT instructions pertaining to exchange companies, that such companies are applying the due diligence and special attention procedures to the customer, that they are providing the complete date and information regarding their customers and the operations they conduct in their favor, that they are keeping the necessary records and date for this purpose and that they are notifying the</p>
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			<p>unit of any operations suspected to be linked to money laundering or terrorism financing. In case there are any remarks made regarding the exchange company, they shall be included in the inspection reports, knowing that, by virtue of the money exchange law in force, the moneychanger records, entries and transactions related to exchange business shall be subject to verification, review and inspection and that the records and entries shall be adjusted if necessary.</p> <p>The number of employees at the Money Exchange Supervision Department – Central Bank of Jordan is currently 22, seven of whom work in the Inspection department; one employee of the Department obtained the CAMS certificate in 2012.</p> <p>The Inspection Department at the Money Exchange Supervision Department – Central Bank of Jordan checks onsite the existence of internal control and monitoring systems at the money exchange companies requesting affiliates, while rating the fulfillment of AML/CFT requirements.</p> <p>The Inspection Department at the Money Exchange Supervision Department – Central Bank of Jordan conducted in 2011, 104 inspection visits to money exchange companies, and in period between 1/1/2012 and 15/7/2012, 55 inspection visits were made to money exchange companies.</p> <p>The number of money exchange companies, which showed signs of weakness in implementing the AML/CFT instructions during the inspection visits, was 22, and the same were notified in written of such weak points, and onsite verification was made to check their rectification thereof.</p> <p><u>Securities sector</u></p> <p>Article (13) of the AML/CFT instructions pertaining to securities activities stipulated that “Subject Parties shall adopt an appropriate internal system that includes the policies, procedures, and internal controls needed to counter money laundering and terrorist financing operations. The said system shall include the following:</p> <p>3. An appropriate mechanism to verify compliance with anti money laundering and counter terrorist financing instructions, policies, and procedures in force.</p>
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			<p>4. To assign an independent and qualified staff within the internal audit department equipped with adequate resources to test compliance with anti money laundering and counter terrorist financing procedures, policies, and internal controls.”</p> <p>The instructions stated that the chartered accountant must verify the application by the subject parties of the provisions of the AML/CFT law and the instructions and decisions issued pursuant thereto, whereas article (15) of the said instructions stipulated that:</p> <p>“a- Subject Parties shall include in their contract with the chartered accountant his commitment to ensure compliance with the provisions of the Law, these instructions, decisions issued pursuant thereto and the adequacy of related policies and procedures. He shall include the results of this in his report, and inform the Commission immediately should a violation of these instructions be discovered.</p> <p>b- Subject Parties shall provide the Commission with their annual report that includes the opinion of the chartered accountant on the degree of application of the provisions of these instructions and decisions issued pursuant thereto, and the adequacy of related policies and procedures, attached to the final financial statements.”</p> <p>The inspectors of the Authority supervise and inspect the extent of compliance of the parties which are subject to its supervision with the laws and instructions issued in terms of AML/CFT, that due diligence is exerted regarding the opening of accounts for customers, that there is a system within such parties which comprises the policies, procedures and internal controls necessary for combating money laundering and terrorism financing and that there are regulated records and documents kept, in addition to the verification and inspection of their documents, entries and records by the competent party at the legally authorized entity. The number of inspectors was increased during 2009 and 2010 so as to become (9) employees (enclosed).</p> <p>The Securities Commission has made, from the beginning of 2011 till the month of July 2012, 60 inspection visits to entities under its supervision, whereas a specialized inspection team of</p>
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			<p>the Commission inspects the entities subject to AML/CFT instructions, and peruses the forms of customers' accounts opening, and compliance thereof with the due diligence procedures, in addition to perusing the due diligence procedures and policy adopted by such entities with the customers, before and during the transaction, and the way of updating relevant data, and conformity thereof with the AML/CFT Instructions in the field of securities.</p> <p>The inspection team peruses as well the procedures taken by the aforementioned entities to check the accuracy of the data provided by the natural or legal person. The inspection team detected, during the inspection visits made to such entities, some entities did not comply with AML/CFT instructions and proper action was taken against them.</p> <p>The inspection team verified as well if the aforesaid entities establish and apply necessary procedures to avoid all such risks related to the misuse of indirect non face-to-face relation with the customer, whereas the inspection team detected some entities that are failing to comply with Article 8 of the Instructions, and proper action was taken against them.</p> <p>The inspection team peruses the customer's and beneficial owner's identification data records, which means that they verify the preparation and maintenance of the same by these entities; and the inspection team checks as well the internal system of the entity pursuant to Article 13 of the Instructions.</p> <p>The Securities Commission issued a circular to all financial intermediary companies on 30/7/2012, by virtue of the letter of the President of the Commission's Delegates Board, providing for the necessity of abiding by AML/CFT Instructions in the field of securities activities for the year 2010. (here attached).</p> <p><u>Insurance sector</u></p> <p>Paragraphs (b/c/d) of article (15) of the AML/CFT instructions No. 6 for the year 2010, pertaining to insurance activities that "the company shall establish a proper internal system which includes policies, procedures and internal controls to prevent money laundering and financing of terrorism. This system shall include the following:-</p> <p>b- To set an independent and qualified staff within the internal</p>
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			<p>auditing in the company to be fully supplied with required resources to test the compliance of the company with the procedures, policies and internal controls for combating money laundering and financing of terrorism.</p> <p>c- Proper mechanism to verify compliance with the provisions of these instructions and the decisions issued by virtue thereof, the policies and procedures set of combating money laundering and terrorism financing, taking into account the coordination in terms of determining the authorities and responsibilities between the internal audit entity and the notification officer.</p> <p>d- Procedures and capabilities which guarantee that the internal audit entity is performing its function of examining the internal control and supervision systems to ensure its anti money laundering and financing of terrorism effectiveness and suggest needed measurements in case of insufficiency or updating and developing these systems to enhance its efficiency and effectiveness.”</p> <p>Article (16) of the said instructions stipulated that:</p> <p>“A- The company shall include in the contract concluded with the chartered accountant, that the latter shall ensure that the company applies the provisions of these Instructions and Decisions issued by virtue thereof as well as the adequacy of the policies and procedures followed by the company in this respect and shall include the results in his report submitted to the company and shall inform the Commission, upon discovering any violation to these Instructions.</p> <p>B- The company shall provide the Commission with an annual report prepared by the chartered accountant that includes the extent of compliance by the company with the provisions of these Instructions and Decisions issued by virtue thereof, and the adequacy of its adopted policies and procedures related thereto enclosed with the final financial statements of the company.”</p> <p>An inspection manual was prepared in English language in cooperation with the technical assistance program/the US Treasury Department related to the inspection of the operations through which money could be laundered or terrorism could be financed, in the insurance activities. The translation of the said manual into Arabic language is in process, in order to train the</p>
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			<p>commission employees on the mechanism for using such manual in the inspection process.</p> <p>The regulatory and supervisory role of the insurance commission was enhanced through the onsite inspection of companies, by verifying that the companies which do not comply with all the clauses of the abovementioned instructions are taking the necessary remedial procedures, to as all the activities of the company would be consistent with the instructions. In this context, all the companies have adjusted their situations - after sending them letters on the onsite inspection remarks – by amending their AML/CFT internal policies in a way that is consistent with the commission instructions in this regard. The companies also observed the requirements of customer identification, in addition to the inclusion of the insurance policy forms, which guarantee the right of the company to cancel the insurance contract, in the event where the company fail to carry out the requirements of the verification of the beneficiary identity.</p> <p>It is worth mentioning that the commission carries out onsite inspection operations continuously, whereas one of the items concerning the scope of inspection applied in the onsite inspection operations is to verify the compliance of the companies with the AML/CFT instructions No. 6 for the year 2010 pertaining to insurance activities; in addition, one of the requirements of the insurance commission related to the certification of the accuracy of the companies annual financial data is to provide the commission with an annual report prepared by the external auditor comprising the extent of application by the company of the provisions of the abovementioned instructions and the extent of adequacy of the company's policies and procedures related thereto.</p> <p>The Insurance Commission has made, from the beginning of 2011 till the month of July 2012, 11 inspection visits to insurance companies, whereas the Insurance Commission checks the compliance of entities under its supervision with AML/CFT Instructions in the insurance field, and relevant findings and observations were included in the inspection</p>
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			<p>report. The inspection covered the recommendations related to the due diligence procedures taken for customers' identification, with application of due diligence and record keeping, and the abidance of such entities by SC resolutions 1267 and 1373.</p> <p>Furthermore, an inspection guide was prepared regarding the transactions that may entail ML/FT cases in the insurance activities, and the inspectors of the Commission were trained on the mechanism of using the guide in question in the inspection process.</p> <p>9 companies were inspected in 2011 and 2 in 2012. The inspection framework included the extent of compliance of such companies with AML/CFT instructions in the insurance activities; it is to mention that such companies were informed of the violations they made. The Insurance Commission follows up the corrective actions that will be undertaken by such companies in the future to remedy such violations.</p> <p><u>Financial leasing sector</u></p> <p>Item (2) of paragraph (a) of article (13) of the same instructions stipulated that:</p> <p>“a- The company shall set a suitable internal by-law comprising the internal policies, bases, procedures and controls which shall be available for combating money laundering and terrorist financing transactions, provided it includes the following:-</p> <p>2- Assign an independent and qualified cadre within the Internal Auditing Department and provided with sufficient resources to examine the compliance with the internal procedures, policies and controls for combating money laundering and terrorist financing.”</p> <p>Article (12) of the AML/CFT instructions pertaining to companies which exercise the financial leasing activity stipulated that “the company shall include in the agreement signed between it and the certified accountant a provision which shall obligate the certified accountant to verify the company's implementation of these Instructions and extent of sufficiency of the company's policies and procedures related thereto, and to include the results thereof in its report submitted</p>
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			<p>to the administration, together with the necessity of notifying the Companies Control Department immediately upon his discovering any violation to these Instructions.”</p> <p><u>Sector of Financial Activities:</u></p> <p>Clause 2 of Paragraph (a) of Article 13 of AML/CFT Instructions no. 3 of 2011 addressed to the entities that deal in financial activities, provides for the following:-</p> <p>“a- The entities shall establish a proper internal system, including the internal policies, procedures and controls that shall be available in order to fight ML/FT, provided that the same shall include the following:</p> <p>2- An adequate mechanism to check compliance with applicable AML/CFT Law, the present Instructions, and any resolutions issued by virtue thereof.</p> <p>The Instructions bound as well the legal accountant to verify the compliance of the entities dealing in financial activities with the AML/CFT instructions and policies, whereas Article 12 of said Instructions provided for the following:-</p> <p>“The entities shall include in the agreement signed between them and the legal accountant a clause stipulating that the legal accountant shall check the compliance of such entities with the Instructions, and shall verify the adequacy of the entities’ policies and procedures in this regard, while mentioning pertinent findings in his report, to be submitted to the management, and notifying the competent authorities immediately upon detection of any violation of these Instructions”.</p> <p>With regard to the supervision of the sectors of finance lease and financial activities, stipulated in Law, the Companies Control Department has increased the human resources, by delegating 18 employees from different departments to work at the Companies Control Department, in addition to 19 trainees already existing, in order to promote the efficiency of legal and financial control over companies, and the finance lease companies include as well a legal accountant, who is bound to report to the Companies Control Department any violation made by the company to AML/CFT Instructions issued to finance lease companies for 2011, and any breach of the Act of</p>
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			<p>Companies.</p> <p>To confirm the role of the Companies Control Department as a supervisory authority controlling finance lease companies and financial institutions registered therewith, said Department has referred, since the beginning of 2012, 20 public shareholding company to the public prosecutor for failure to register the Land in their name, and 1 company for breach of Article 191 of the Act of Companies (failure to distribute profits to shareholders), and the Department referred 17 reports of audit committees related to companies.</p> <p><u>Sector of Postal Services:</u></p> <p>Clause 2 of Paragraph (a) of Article 13 of AML/CFT Instructions issued to entities that deal in postal services stipulates the following:-</p> <p>“a- The post operator shall establish a proper internal system which includes the internal policies, principles, procedures and controls that shall be available to fight ML/FT cases, provided that the same shall include:</p> <p>2- An adequate mechanism to check the compliance with the applicable AML/CFT Law, the present Instructions, and any requirements issued by virtue thereof”.</p> <p>Article 9 of the same Instructions reads:-</p> <p>“The entities shall include in the agreement signed between them and the legal accountant a clause stipulating that the legal accountant shall check the compliance of the post operator with the present Instructions, and shall verify the adequacy of the post operator’s policies and procedures in this regard, while including pertinent findings in his report, to be submitted to the management, and notifying the TRC immediately upon detection of any violation of these Instructions to take proper action”.</p>
12- Designated non-financial businesses and professions—R.5, 6, 8-11	<ul style="list-style-type: none"> • Lack of an adequate legal and regulatory framework to require the majority of the requirements from DNFBPs under R.5 and the content of Recommendations 6, 8, 9, 10 and 11. • Actual supervision and oversight. 	<ul style="list-style-type: none"> • Establish an adequate legal and regulatory framework to complement DNFBPs' obligations to comply with all requirements of R.5 and cover the content of Recommendations 6, 8, 9, 10 and 11. 	<p>The kingdom established an adequate legal and regulatory framework to handle the obligations required from the designated non-financial businesses and professions in the AML/CFT field, consistently with the international recommendations and standards issued in this regard.</p> <p>Recommendation No. 5/ Customer Due Diligence</p>

	<ul style="list-style-type: none"> Actual compliance. 	<p>First: “The AML/CFT law No. 46 for the year 2007 was amended” so as to expand the scope of the parties subject to the provisions of the law, such as the non-financial authorities, whereas paragraph (b) of article (13) of the law stipulated the following:</p> <p>“The following entities shall comply with the procedures stipulated in this law, regulations, instructions and decisions issued pursuant thereto:-</p> <p>b- Non financial entities include:-</p> <p>1- Persons or entities trading in real estate and development thereof.</p> <p>2- Persons or entities trading in precious metals and stones.</p> <p>3- Persons or entities that perform any of the following business transactions on behalf of third parties:-</p> <ul style="list-style-type: none"> – Sale and purchase of real estates. – Management of funds or any other financial assets. – Management of bank accounts, postal saving accounts or investments accounts in local and international financial markets. – Legal procedures necessary for establishing or managing any legal person, purchasing or selling commercial stores. – Organization of contributions related to the establishment or the management of companies.” <p>All the provisions and the obligations set out in the AML/CFT law in force shall thereby apply to such entities and the law would have included all the entities of the designated non-financial businesses and professions mentioned in Recommendation (12) in the evaluation methodology.</p> <p>Second: The concerned regulatory and supervisory authorities issued new instructions and guidelines to each of:</p> <p>1- Persons or entities trading in precious metals and stones, being “the AML/CFT instructions pertaining to goldsmithing and sale of jewelry, precious metals and gems' shops for the year 2010” (enclosed) issued in accordance with the provisions of items (4) of paragraph (a) of article (14) of the anti money laundering and counter terrorist financing law No. (46) for the</p>
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			<p>year 2007 in force.</p> <p>2- Persons or entities trading in real estate and development thereof, being “the AML/CFT instructions pertaining to licensed real estate offices for the year 2010” (enclosed) issued in accordance with article (16) of real estate offices organization regulation No. (53) for the year 2001 and item (4) of paragraph (a) of article (14) of the anti money laundering and counter terrorist financing law No. (46) for the year 2007 in force.</p> <p>Third: Anonymous accounts and fake names:</p> <p>1- Item (2) of paragraph (a) of article (14) of the AML/CFT law in force stipulated that the entities subject to the provisions of this law shall undertake to comply with the following: “2- Refrain from dealing with anonymous persons, persons with fictitious or anonymous names or shell banks or companies.”</p> <p>2- The AML/CFT instructions pertaining to goldsmithing and sale of jewelry, precious metals and gems' shops for the year 2010 prevented, by virtue of paragraph (c) of article (4) thereof, the shop from dealing with persons of anonymous identities or who have false or fictitious names or with shell banks and companies.”</p> <p>Paragraph (b) of article (4) of the AML/CFT instructions pertaining to licensed real estate offices for the year 2010 stipulated that: “The office is prohibited from dealing with persons of anonymous identities or who have false or fictitious names or with shell banks or companies.</p> <p>Fourth: Timing of due diligence procedures:</p> <p>1- Item (1) of Paragraph (a) of article (14) of the AML/CFT law in force stipulated that the entities subject to the provisions of this law shall undertake to comply with the following:-</p> <p>“1- Give due diligence to the identification of the customers entity, legal status, activity of the customer, purpose of the business relationship and its nature, and the beneficiary owner of the relationship between the entities and the customer, if any, and verifying such, as well as the</p> <p>continuous follow up of the transactions that are conducted</p>
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			<p>through an ongoing relationship with their customers by any of the means determined in accordance with the relevant legislation together with recording and maintaining the relevant data pursuant to the provisions of item (6) of this paragraph.”</p> <p>2- The shop (the person or the entity licensed for the purposes of goldsmithing, sale of jewels , precious metals and stones) shall give due diligence for identifying the customer’s identity, his legal status, activity, purpose of the business relation and the beneficiary owner of such relation, whereas paragraph (a) of article (4) of the AML/CFT instructions pertaining to goldsmithing and sale of jewelry, precious metals and gems' shops for the year 2010 stipulated that: “a- The shop shall give due diligence for identifying the customer’s identity, his legal status, activity, purpose of the business relation and nature thereof, beneficiary owner of such relation, if any, verification of same in detail according to the items mentioned below, including continued review of the transactions made in the framework of a continued relation with his customers and register and maintain the particulars related thereto according to the provisions of these Instructions in the following cases:</p> <ol style="list-style-type: none"> 1. If the amount of a transaction or multi transactions which appear to be related exceeds ten thousand Dinars or the equivalent thereof in foreign currency. 2. If the shop has doubts about the accuracy and adequacy of the data previously obtained regarding verifying the customer's identity. 3. If the shop doubts that the transaction is suspected to be related to money laundering or terrorism financing irrespective of the amount thereof.” <p>3- Paragraph (a) of article (4) of the AML/CFT instructions pertaining to licensed real estate offices for the year 2010 stipulated that: “a- The office gives due diligence for the cases specified in article (5) of the Instructions for the purpose of identifying the customer’s identity, his legal status, activity, purpose of the business relation and nature thereof, the beneficiary owner of such relation, if any, verification of same in detail according to the under- mentioned items including the</p>
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			<p>perusal of a copy thereof signed by its employee, in a way that states that it is a true copy.”</p> <p>Article (5) of the AML/CFT instructions pertaining to licensed real estate offices for the year 2010 stipulated that: “The office should take the due diligence procedures with regard to the customer in the following cases:</p> <ol style="list-style-type: none"> Upon or during the initiation of work relation with the customer. Existence of doubt with regard to the extent of accuracy and sufficiency of the particulars which were obtained in advance concerning the determination of customer's identity. Existence of suspicion of occurrence of money laundering or terrorism financing transaction.” <p>Fifth: The required due diligence measures:</p> <p>1- Item (1) of Paragraph (a) of article (14) of the AML/CFT law in force stipulated that the entities subject to the provisions of this law shall undertake to comply with the following:-</p> <p>“1- Give due diligence to the identification of the customers entity, legal status, activity of the customer, purpose of the business relationship and its nature, and the beneficiary owner of the relationship between the entities and the customer, if any, and verifying such, as well as the</p> <p>continuous follow up of the transactions that are conducted through an ongoing relationship with their customers by any of the means determined in accordance with the relevant legislation together with recording and maintaining the relevant data pursuant to the provisions of</p> <p>item (6) of this paragraph.”</p> <p>2- The AML/CFT instructions pertaining to goldsmithing and sale of jewelry, precious metals and gems' shops for the year 2010 distinguished the procedures adopted for identifying the identity of the customer and the beneficiary owner, in terms of whether it is a natural personal or a legal person, as follows:</p> <p>- Procedures for the identification of the customer and beneficiary owner identity, if he is a natural person: such procedures were stipulated in paragraph (d) of article (4) of the</p>
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			<p>instructions to read as follows:</p> <p>“d- The following should be observed in the identification procedures of the customer and beneficiary owner identity, if any, if he is a natural person:</p> <ol style="list-style-type: none"> 1. Obtain the identification particulars comprising his full name, date and place of his birth, national number, nationality, nature of his work, address of his permanent residence, telephone number, purpose and nature of the business relationship, all information pertaining to the identity document for Jordanian persons, passport number for non-Jordanian persons and any other information or documents deemed necessary by the shop for completing the identification process. 2. Obtain original official documents or a duly certified copy thereof which substantiate the authenticity of deputization in case the dealing of any person or party with the shop on behalf of the customer and retain a copy thereof in addition to identifying the customer’s identity and whoever acts on his behalf according to the identification procedures of the customer’s identity stipulated in these Instructions.” <p>- Procedures for the identification of the customer and beneficiary owner identity, if he is a legal person: such procedures were stipulated in paragraph (e) of article (4) of the instructions to read as follows: “e- The following shall be observed in the identification proceedings of the customer’s identity if he is a legal person:</p> <ol style="list-style-type: none"> 1. Obtain the identification particulars comprising the name of the legal person, its legal form, address of the main office, telephone number, type of activity, date and number of registration, tax number, national number of the installation, names of the authorized signatories for the legal person, their nationalities, telephone numbers, purpose and nature of the work relationship as well as any other information or documents deemed necessary by the shop for the completion of the identification process. 2. Obtain the official documents or duly certified copies thereof which substantiate the incorporation of the legal person and the registration thereof with the competent authorities such as the certificates issued by the Ministry of Industry and Trade,
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			<p>person, as follows:</p> <p>- Procedures for the identification of the customer and beneficiary owner identity, if he is a natural person: such procedures were stipulated in paragraph (c) of article (4) of the instructions to read as follows:</p> <p>“c- The following should be observed in the identification proceedings of the customer and beneficiary owner identities, if any, should he be a natural person:</p> <ol style="list-style-type: none"> 1. Obtain the identification particulars comprising his full name, date and place of his birth, national number, nationality, nature of his work, address of his permanent residence, telephone number, purpose and nature of the work relationship, all information pertaining to the identity document for Jordanian individuals, passport number for non-Jordanian persons and any other information or documents deemed necessary by the office for completing the identification process in addition to the authorization form approved by the office. 2. Obtain original official documents or a duly certified copy thereof which substantiate the authenticity of deputization or attorneyship in case the dealing of any person or party with the company on behalf of the customer or according to a power of attorney and retain a copy thereof in addition to identifying the customer’s identity and whoever acts on his behalf according to the identification proceedings of the customer’s identity stipulated in these Instructions.” <p>- Procedures for the identification of the customer and beneficiary owner identity, if he is a legal person: such procedures were stipulated in paragraph (d) of article (4) of AML/CFT instructions pertaining to licensed real estate offices for the year 2010 to read as follows:</p> <p>“d. The following shall be observed in the identification proceedings of the customer’s identity if he is a legal person:</p> <ol style="list-style-type: none"> 1. Obtain the identification particulars comprising the name of the legal person, its legal form, address of the main office, telephone number, type of activity exercised, date and number of registration, tax number, national number of the installation,
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			<p>names of the authorized signatories for the legal person, their nationalities, telephone numbers and the purpose and nature of the work relationship as well as any other information or documents deemed necessary by the office for the completion of the identification process.</p> <p>2. Obtain the official documents or duly certified copies thereof which substantiate the incorporation of the legal person and the registration thereof with the competent authorities such as the certificates issued by the Ministry of Industry and Trade and the Companies Control Department and the certificates issued by the Commercial and Industrial Chambers in addition to the necessity of obtaining an official certificate issued by the competent authorities in case the company is registered abroad.</p> <p>3. Obtain copies of the authorizations issued by the legal person to the natural persons representing it and the nature of their relationship with it, identify the identity of the authorized natural person and beneficiary owner, if any, according to the identification proceedings of the customer provided for in these Instructions.</p> <p>4. Obtain information on the provisions which regulate the work of the legal person including the ownership structure and controlling management.”</p> <p>- Procedures for the identification and verification of the beneficiary owner identity: such procedures were stipulated in paragraph (e) of article (4) of the AML/CFT instructions pertaining to licensed real estate offices for the year 2010 to read as follows: “e- In the procedures of identifying the identity of the beneficiary owner, review of the particulars and information that are obtained from official documents and particulars should be observed whereby the shop will become satisfied that it is aware of the beneficiary owner’s identity.”</p> <p>- Periodical update of documents and particulars: the following is stipulated in paragraph (g) of article (4) of the AML/CFT instructions pertaining to licensed real estate offices for the year 2010 to read as follows: “g- Update the documents, particulars and information which</p>
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			<p>are obtained pursuant to the due diligence procedures particularly the high risk customer categories and business relations.”</p> <p>Sixth: Risks</p> <p>1- In item (5) of paragraph (a) of article (14) of the AML/CFT law in force, the said law compelled the entities subject to its provisions of this law to comply with the following: “5- Pay special attention to the high risk customers' categories, business relationships or transactions and set the relevant measures including:- First: Risk management systems for money laundering and terrorist financing to include the classification of customers into categories according to the degree of risk while developing the required measures to appropriately deal with such risks, and review such classification periodically or in the event of changes that require conducting such review.”</p> <p>2- The AML/CFT instructions pertaining to goldsmithing and sale of jewelry, precious metals and gems' shops for the year 2010 compelled the shops, in certain cases, to give special diligence in identifying the customer's identity and his activity, where article (6) thereof specified the cases where the shop shall give special diligence, as well as the procedures of this diligence, whereas it stipulated that: “The shop should be required to give special diligence in identifying the customer's identity and his activity in the following transactions: a. The transactions carried out with persons who are in countries where suitable systems are not available to combat money laundering and terrorism financing. b. The major or unusually complex transactions or those which do not have an apparent economic or legal purpose and originating from countries that do not sufficiently apply the recommendations of the Financial Action Task Force (FATF). c. The transactions carried out with politically exposed persons and the special diligence procedures for them cover the following: 1- Setting a particular system for risks management from which</p>
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			<p>it can be inferred whether the customer or his representative is from this category including a policy for the acceptance of customers from this category which takes into consideration the classification of customers according to the level of their risks.</p> <p>2- Take the suitable procedures to verify the sources of wealth of these persons.</p> <p>3- Obtain approval of the shop's owner or any person who acts on his behalf upon the establishment of a relation with these persons.</p> <p>4- Accurate and continued follow up of the shop's dealings with these persons.</p> <p>d. Any transaction which the shop decides that it represent high risks for money laundering and terrorism financing transactions.</p> <p>e. The direct or indirect selling or buying transactions which are not conducted face to face or conducted through electronic means or tools.</p> <p>f. The selling and buying transactions which are conducted through non-resident customers."</p> <p>3- The AML/CFT instructions pertaining to licensed real estate offices for the year 2010 also compelled the office to give special diligence in the cases mentioned in article (6) which stipulated the following:</p> <p>"The office should be required to give enhanced due diligence in identifying the customer's identity and his activity in the following transactions:</p> <p>a. The transactions conducted with persons who are present in countries where suitable systems are not available to combat money laundering or terrorism financing.</p> <p>b. The major or unusually complex transactions or those which do not have an apparent economic or legal purpose and originating from countries that do not sufficiently apply the recommendations of the Financial Action Task Force (FATF).</p> <p>c. The transactions conducted with politically exposed persons and their enhanced due diligence procedures cover the following:</p> <p>1. Setting a particular system for risk management from which it can be inferred whether the customer, his deputy or the</p>
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			<p>beneficiary owner is from this category including a policy for the acceptance of customers from this category which takes into consideration the classification of customers according to the level of their risks, provided the office reviews this classification periodically or in the event of occurrence of changes requiring such review.</p> <p>2. Obtain approval of the office owner or any person acting on his behalf upon the establishment of a relation with these persons.</p> <p>3. Take the suitable procedures to identify and ascertain the sources of wealth of these persons.</p> <p>4. Accurate and continued follow up of office dealings with these persons.</p> <p>d. The direct or indirect sale and purchase operations which are not conducted face to face or which are conducted through electronic means or tools.</p> <p>e. The sale and purchase transactions or the power-of-attorneys which are conducted through non-resident customers.</p> <p>f. Any transaction which the office decides that it represents high risks for money laundering and terrorism financing transactions.”</p> <p>Seventh: Timing of verification:</p> <p>1- The AML/CFT instructions pertaining to goldsmithing and sale of jewelry, precious metals and gems' shops for the year 2010 required the performance of the verification procedures and permitted to postpone such procedures, by virtue of paragraphs (a) and (b) of article (5) thereof:</p> <p>“a. The shop undertakes the necessary procedures to verify the authenticity of the documents, particulars and information it obtained from the customer through neutral and credible sources.</p> <p>b. The shop may postpone the verification procedures stipulated in these Instructions until after the conclusion of the selling or buying transaction provided that:</p> <p>1. The shop completes these measures as soon as possible.</p> <p>2. The shop takes the necessary measures to avoid the risks of money laundering and terrorism financing during the postponement period.</p>
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			<p>3. Setting a suitable internal policy for the number, type and amounts of the transactions which can be executed prior to the completion of such procedures.”</p> <p>2- Paragraph (f) of article (4) of the AML/CFT instructions pertaining to licensed real estate offices for the year 2010 also compelled the real estate offices to verify the due diligence procedures, whereas it stipulated that: “f. The office is required to take the necessary procedures to verify the authenticity of the documents, particulars and information obtained from the customer through neutral and trustworthy sources.”</p> <p>Knowing that the sale and purchase procedures at the real estate offices cannot afford the postponement of the verification procedures, since the sale and purchase procedures may not be completed unless after the identification and the verification of the customer’s identity.</p> <p>Eighth: Failure to complete the verification procedures:</p> <p>1- The AML/CFT law in force compelled the entities subject to its provisions with the following, in the first point of item (3) of paragraph (a) of article (14) thereof: “Notify the Unit immediately of any transaction suspected to be related to money laundering or terrorist financing whether such transaction is conducted or not, by the means or the form approved by the Unit, and maintain a copy of the notification, documents, instruments, data, and information related thereto for a period of not less than five years or until a final judicial verdict is issued regarding such transaction, whichever is longer.”</p> <p>2- By virtue of the AML/CFT instructions pertaining to goldsmithing and sale of jewelry, precious metals and gems' shops for the year 2010, in the event where the shop fails to perform the customer due diligence procedures, it shall undertake not to complete the sale and purchase procedures and to notify the AML/CFT unit immediately, in case there is a transaction suspected to be linked with money laundering or terrorism financing, according to paragraph (h) of article (4) of</p>
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			<p>the instructions which read as follows:</p> <p>“h- In the event that the shop is unable to carry out the due diligence procedures with respect to the customer according to the provisions of the Anti Money Laundering and Counter Terrorist Financing law in force and these Instructions, it should not complete the selling or buying proceedings and notify the Unit immediately in the event of existence of any transaction suspected to be related to money laundering or terrorism financing.”</p> <p>Paragraph (c) of article (5) of the AML/CFT instructions pertaining to goldsmithing and sale of jewelry, precious metals and gems' shops for the year 2010 stipulated that:</p> <p>“c. If the shop is unable to carry out the requirements of verification of the customer’s identity and activity, it should consider notifying the unit thereof according to the provisions of the Anti Money Laundering and Counter Terrorist Financing law in force and these Instructions.”</p> <p>- In the event where the shop fails to perform the customer due diligence procedures by virtue of the AML/CFT instructions pertaining to licensed real estates offices for the year 2010, it shall undertake not to complete the sale and purchase procedures and to notify the AML/CFT unit immediately, in case there is a transaction suspected to be linked with money laundering or terrorism financing, according to paragraph (h) of article (4) of the instructions which read as follows:</p> <p>“h- In the event that the shop is unable to carry out the due diligence procedures with respect to the customer according to the provisions of the Anti Money Laundering and Counter Terrorist Financing law in force and these Instructions, it should not complete the selling or buying proceedings and notify the Unit immediately in the event of existence of any transaction suspected to be related to money laundering or terrorism financing.”</p> <p>Recommendation No. 6: Politically exposed persons:</p> <p>1- The AML/CFT law in force compelled the entities subject to its provisions to perform the following according to item (5) of</p>
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			<p>paragraph (a) of article (14) thereof:</p> <p>“5- Pay special attention to the high risk customers' categories, business relationships or transactions and set the relevant measures including:-</p> <p>First: Risk management systems for money laundering and terrorist financing to include the classification of customers into categories according to the degree of risk while developing the required measures to appropriately deal with such risks, and review such classification periodically or in the event of changes that require conducting such review.”</p> <p>2- The definition of the politically exposed persons was included in article (2) of the AML/CFT instructions pertaining to goldsmithing and sale of jewelry, precious metals and gems' shops for the year 2010, according to the following:</p> <p>“The persons who occupy or occupied a high public office in a foreign country such as a president of state, a prime minister, or a high ranking government official, prominent politician, judge, military person, prominent personality in a political party or an executive officer in the state-owned companies and members of their families up to first degree as a minimum or their partners.”</p> <p>Paragraph (c) of article (6) of the instructions stated the special diligence procedures the shop must take for transactions carried out with politically exposed persons, whereas it stipulated the following:</p> <p>“c. The transactions carried out with politically exposed persons and the special diligence procedures for them cover the following:</p> <ol style="list-style-type: none"> 1. Setting a particular system for risks management from which it can be inferred whether the customer or his deputy is from this category including a policy for the acceptance of customers from this category which takes into consideration the classification of customers according to the level of their risks. 2. Take the suitable procedures to verify the sources of wealth of these persons. 3. Obtain approval of the shop's owner or any person who acts on his behalf upon the establishment of a relation with these persons.
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			<p>4. Accurate and continued follow up of the shop's dealings with these persons."</p> <p>3- The definition of the politically exposed persons was included in article (2) of the AML/CFT instructions pertaining to licensed real estate offices for the year 2010, according to the following: "The persons who occupy or occupied a high public office in a foreign country such as a president of state, a prime minister, or a high ranking government official, prominent politician, judge, military person, prominent personality in a political party or an executive officer in the state-owned companies and members of their families up to first degree as a minimum or their partners."</p> <p>Paragraph (c) of article (6) of the AML/CFT instructions pertaining to licensed real estate offices for the year 2010 stated the special diligence procedures the shop must take for transactions carried out with politically exposed persons, whereas it stipulated the following: "c. The transactions carried out with politically exposed persons and the special diligence procedures for them cover the following: 1. Setting a particular system for risks management from which it can be inferred whether the customer or his deputy is from this category including a policy for the acceptance of customers from this category which takes into consideration the classification of customers according to the level of their risks. The office shall review such classification periodically or in the event of changes that require such. 2. Take the suitable procedures to verify the sources of wealth of these persons. 3. Obtain approval of the office's owner or any person who acts on his behalf upon the establishment of a relation with these persons. 4. Accurate and continued follow up of the office's dealings with these persons."</p> <p>Recommendation No. (8): Risks of technological developments and the indirect business relationships</p>
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			<p>1- The AML/CFT law in force compelled the entities subject to its provisions to perform the following, pursuant to item (5) of paragraph (1) of article (14) thereof:</p> <p>“5- Pay special attention to the high risk customers' categories, business relationships or transactions and set the relevant measures including:-</p> <p>Second: Policies and measures for preventing the exploitation of new technologies in money laundering and terrorist financing.”</p> <p>The AML/CFT instructions pertaining to goldsmithing and sale of jewelry, precious metals and gems' shops for the year 2010 stated, in paragraph (e) of article (6), the special diligence procedures the shop must take in identifying the customer's identity and activity, in the following transactions:</p> <p>“e. The direct or indirect selling or buying transactions which are not conducted face to face or conducted through electronic means or tools.”</p> <p>3- Paragraph (d) of article (6) of the AML/CFT instructions pertaining to licensed real estate offices for the year 2010 stipulated that the office must give special diligence in identifying the customer's identity and activity, in the following transactions:</p> <p>“d. The direct or indirect selling or buying transactions which are not conducted face to face or conducted through electronic means or tools.”</p> <p>Recommendation No. (9): Third parties:</p> <p>The goldsmithing and sale of jewelry, precious metals and gems' shops and the licensed real estate offices do not rely on intermediaries or third parties to perform the customers due diligence procedures.</p> <p>Recommendation No. (10): Record keeping:</p> <p>1- Item (6) of paragraph (a) of article (14) of the AML/CFT law in force stated that: “The entities subject to the provisions of this law including the goldsmithing and sale of jewelry, precious metals and gems' shops and the licensed real estate</p>
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			<p>related to the transactions it carries out so as to include sufficient particulars to identify these transactions including the records of the particulars of identification related to the due diligence procedures regarding the identity of the customer and the beneficiary owner for a minimum of five years from the date of completing the transaction or termination of business relation with the customer, as the case may be, and update these particulars periodically.</p> <p>b. The office should make all records related to customers and transactions available upon requesting them by the Unit and the competent authorities at the fixed time.”</p> <p>Recommendation No. (11): Unusual transactions</p> <p>1- The AML/CFT instructions pertaining to goldsmithing and sale of jewelry, precious metals and gems' shops for the year 2010 provided for auditing and examining the unusual and/or voluminous transactions, and duly authenticating the same, whereas paragraphs (a) and (b) of article (10) of the instructions stipulated that:</p> <p>“The shop should carry out the following:</p> <p>a. Audit and examine the unusual and/or voluminous transactions, duly authenticate the same and record in writing the outcomes reached as well as retain them for a minimum period of five years and make the same available to the Unit and the competent authorities upon request.</p> <p>b. Continuous verification of the transactions carried out throughout the existence of the relation with the customer and ensure consistency of the transactions carried out with the information known to the shop about the customer, nature of his work and the risks he represents.”</p> <p>2- The AML/CFT instructions pertaining to licensed real estate offices for the year 2010 also compelled the office to audit and examine the unusual and/or voluminous transactions, and to duly authenticate the same, whereas paragraphs (a) and (b) of article (10) of the instructions stipulated that:</p> <p>“The office should carry out the following:</p> <p>a. Audit and examine the unusual and/or voluminous transactions, duly authenticate the same and record in writing the outcomes reached as well as retain them for a minimum</p>
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			<p>period of five years and make the same available to the Unit and the competent authorities upon request.</p> <p>b. Continuous verification of the transactions carried out throughout the existence of the relation with the customer and ensure consistency of the transactions carried out with the information known to the office about the customer, nature of his work and the risks he represents.”</p> <p>It is worth mentioning that work is under process to issue special instructions for the entities that deal in any of the activities, subject of Clause 3 of Paragraph (b) of Article 13 of AML/CFT Law in force, whereas such instructions shall take into consideration the due diligence procedures referred to in R.5, R.6, R.8, R.9, R.10 and R.11, in addition to reporting ML/FT suspicious transactions. Also a guide will be enclosed which shows the ML/FT stages, and the main indicators inferring the existence of ML/FT suspicious transactions. Furthermore, work is under process to prepare a special form for the lawyers and the accountants, for reporting ML/FT suspicious transactions.</p>
“	•	<ul style="list-style-type: none"> • Establish provisions and mechanisms that ensure that supervisory institutions are verifying the compliance of DNFBPs with their requirements. • Compliance by DNFBPs with the requirements. 	<p>The AML/CFT law in force was amended so as to expand the scope of the entities subject to its provisions, such as the non-financial entities, whereas paragraph (b) of article (13) thereof stipulated the following:</p> <p>“The following entities shall comply with the procedures stipulated in this law, regulations, instructions and decisions issued pursuant thereto:-</p> <p>b- Non financial entities include:-</p> <ol style="list-style-type: none"> 1- Persons or entities trading in real estate and its development. 2- Persons or entities trading in precious metals and stones. 3- Persons or entities that, on behalf of third party, perform any of the following business transactions:- <ul style="list-style-type: none"> – Sale and purchase real estates. – Management of funds or any other financial assets. – Management of bank accounts, postal saving accounts or investments accounts in local and international financial markets. – Legal procedures necessary for establishing or managing any legal person, purchasing or selling commercial stores.

			<p>– Organization of contributions related to the establishment or management of companies.”</p> <p>It also comprised the same obligations of the financial and non-financial entities, pursuant to article (14) thereof which stipulated that:</p> <p>“a- The entities subject to the provisions of this law shall undertake to comply with the following:-</p> <p>1- Give due diligence to the identification of the customers identity, legal status, activity, purpose of the business relationship and its nature, and the beneficiary owner of the relationship between the entities and the customer, if any, and verifying such, as well as the continuous follow up of the transactions that are conducted through an ongoing relationship with their customers by any of the means determined in accordance with the relevant legislation together with recording and maintaining the relevant data pursuant to the provisions of Item (6) of this Paragraph.</p> <p>2- Refrain from dealing with anonymous persons, persons with fictitious or anonymous names or shell banks or companies.</p> <p>3- Notify the Unit immediately of any transaction suspected to be related to money laundering or terrorist financing whether such transaction is conducted or not, by the means or the form approved by the Unit, and maintain a copy of the notification, documents, legal instruments, data, and information related thereto for a period of not less than five years or until a final judicial verdict is issued regarding such transaction, whichever is longer.</p> <p>4- Comply with the regulations, instructions and decisions issued by the Unit or the competent supervisory and regulatory authorities.</p> <p>5- Pay special attention to the high risk customers' categories, business relationships or transactions and set the relevant measures including:-</p> <p>First: Risk management systems for money laundering and terrorist financing to include the classification of customers into categories according to the degree of risk while developing the required measures to appropriately deal with such risks, and review such classification periodically or in the event of</p>
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			<p>changes that require conducting such review.</p> <p>Second: Policies and measures for preventing the exploitation of new technologies in money laundering and terrorist financing.</p> <p>6- Keep records and instruments to record the local or international financial transactions to include sufficient data to identify such transactions; as well as maintaining such records, documents, legal instruments, data and information including customer's due diligence data and beneficiary owners for not less than five years from the date of completion of the transaction or the date of termination of the business relationship, as the case may be, which shall be updated periodically; Microfilm copies or any other modern electronic means may be maintained which shall have the same legal effect as the originals in relation to evidence, if prepared, kept and retrieved in accordance with bases identified within the instructions issued by the Chief of the Unit for this purpose."</p> <p>b- The external branches of the entities mentioned in Article (13) of this law and their affiliates outside the Kingdom shall comply with the provisions of this Article, excluding Item (3) of Paragraph (a) thereof.</p> <p>Paragraphs (b) and (c) of article (18) of the AML/CFT law in force stipulated the following: "b- The regulatory and supervisory authorities shall undertake to establish and provide means necessary to verify the compliance of the entities subject to the provisions of this law with the provisions stated therein, regulations, instructions and decisions issued by virtue thereof, in addition to the issuance of the necessary instructions pursuant to the provisions of this law.</p> <p>c- The authorities stated in paragraph (a) of this article shall comply with the following:- 1- Taking the necessary procedures and means to exchange information and coordinating with the Unit regarding anti money laundering and counter terrorist financing. 2- Immediately notifying the Unit should, in the course of</p>
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			<p>performing their competences in accordance with the provisions of the legislation in force, suspicion of money laundering or terrorist financing is established. The Unit may notify such authorities of the procedures undertaken in accordance with the provisions of this law, if deemed necessary.”</p> <p>Article (30) of the said law also stipulated in the event where the subject parties breach any of the instructions issued by the regulatory and supervisory authorities that “any violation to any of the provisions of this law, regulations, instructions and decisions issued by virtue thereof for which a penalty is not specified in the law, the offender shall be fined with not less than one thousand Dinars and not more than ten thousand Dinars. The fine shall be doubled in the event of recurrence; where the violation is repeated for more than twice, the fine shall be doubled up to the maximum limit.”</p> <p>Paragraph (b) of article (25) of the said law provided for a sanction in case the subject parties fail to notify the unit of transaction suspected to be linked with money laundering and terrorism financing, whereas it stipulated the following: “Whoever violates the provisions of Item (3) of Paragraph (a) of Article (14) of this law shall be penalized with imprisonment for a period not exceeding one year, or with a fine of not less than ten thousand Dinars and not more than one hundred thousand Dinars or by both penalties.”</p> <p><u>Jewelry sector</u> Laws and mechanisms ensuring the compliance of goldsmithing and sale of jewelry, precious metals and gems' shops with the obligations required from them were established, whereas article (11) of the AML/CFT instructions pertaining to goldsmithing and sale of jewelry, precious metals and gems' shops for the year 2010 stipulated that “the certified accountant appointed by the shop should, in addition to his functions, ascertain the shop’s compliance with the Anti Money Laundering and Counter Terrorist Financing Law in force and the provisions of these Instructions and ascertain the extent of sufficiency of the shop policies and procedures related thereto,</p>
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			<p>and to include his conclusions in the annual report.”</p> <p>Article (12) of the said instructions also stipulated that:</p> <p>“a. The shop should set a suitable internal by-law comprising the internal policies, bases, measures and controls which should be available for combating money laundering and terrorism financing transactions, provided it includes the following:</p> <ol style="list-style-type: none"> 1. Clear policy for combating money laundering and terrorism financing transactions as well as continuously updating them comprising written detailed procedures for combating money laundering and terrorism financing transactions in which the duties and responsibilities are precisely determined in a manner consistent with the provisions of the Anti Money Laundering and Counter Terrorist Financing law in force, provisions of these Instructions and decisions issued pursuant thereto. 2. Suitable mechanism for verifying compliance with the provisions of Anti Money Laundering and Counter Terrorist Financing law in force, these Instructions and decisions issued pursuant to any of them. 3. The procedures which shall ensure the examination of the internal control and supervision to ensure their effectiveness in combating money laundering and terrorism financing as well as submit the necessary proposals to remedy any shortage therein or what ever updating and developing needed to improve the efficiency and effectiveness thereof. 4. The required bases for classifying the customers according to the degree of risks in the light of the documents, information and particulars made available to the shop. <p>b. The shop should take the necessary procedures to involve its concerned employees in training programs in the field of combating money laundering and terrorism financing transactions.”</p> <p>Pursuant to the instructions related to the licensing of goldsmithing and sale of jewelry shops for the year 2009 and their amendments, which are issued by the Ministry of Interior, (enclosed) one commission or more in each governorate shall be formed under the chairmanship of one of the administrative governors and with the membership of two delegates from the competent authorities. It shall be entrusted with making</p>
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			<p>inspection visits to licensed shops, including the examination of records and submittal of reports and necessary recommendations to the competent governor.</p> <p>Article (8) of these instructions stipulated the following:</p> <p>“a- One commission or more in each governorate shall be formed under the chairmanship of one of the administrative governors and with the membership of two delegates from the competent authorities.”</p> <p>b- The commission It shall be entrusted with making inspection visits to licensed shops, by virtue of these instructions, to verify their compliance with the provisions hereof, including the examination of records and submittal of reports and necessary recommendations to the competent governor.”</p> <p>The commission in fact makes inspection visits periodically to goldsmithing and sale of jewelry, precious metals and gems' shops in all the governorates of the Kingdom.</p> <p>The unit and the ministry of interior coordinate to establish a mechanism which grants the formed commission the power to conduct inspection and to follow-up the application by the goldsmithing and sale of jewelry, precious metals and gems' shops of the instructions and laws issued in the AML/CFT field.</p> <p>Pursuant to Article 8 of jewelers and jewelries license Instructions of 2009 and relevant amendments, committees were formed, headed by an administrative governor from all provinces of the Kingdom, with the membership of delegates from the competent authorities, including the delegates of the Ministry of Industry and Trade and the Companies Control Department, in order to conduct inspection visits to jewelers and jewelries and check compliance thereof with AML/CFT Instructions, in addition to other matters required in the scope of such shops license instructions.</p> <p><u>Real estate sector</u></p> <p>Laws and mechanisms ensuring the compliance of the licensed real estate offices with the obligations required from them were established, whereas article (11) of the AML/CFT instructions pertaining to licensed real estate offices for the year 2010 and issued according to article (16) of the real estate offices</p>
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			<p>organization regulation, stipulated that:</p> <p>“The office shall include in the agreement signed between it and the certified accountant a provision which shall obligate the certified accountant to verify the office’s implementation of these Instructions and extent of sufficiency of the office policies and procedures related therewith, and to embody the outcomes thereof in its report submitted to the administration together with the necessity of notifying the Land and Survey Department immediately upon his discovering any violation to these Instructions.”</p> <p>Article (12) of the said instructions also stated that:</p> <p>“a. The office shall set a suitable internal by-law comprising the internal policies, bases, procedures and controls which shall be available for combating money laundering and terrorism financing transactions, provided it includes the following:</p> <ol style="list-style-type: none"> 1. Clear policy for combating money laundering and terrorism financing transactions as well as continuously updating it comprising written detailed procedures for combating money laundering and terrorism financing transactions in which the duties and responsibilities are precisely determined in a manner consistent with the provisions of the Anti Money Laundering and Counter Terrorist financing law in force and the provisions of these Instructions and decisions issued pursuant thereto. 2. A suitable mechanism to ascertain compliance with the provisions of Anti money laundering and Counter terrorist financing Law in force, these Instructions and the issued decisions. 3. The procedures which would ensure the examination of the internal control and supervision by-laws to ensure their effectiveness in combating money laundering and terrorism financing as well as submit the necessary proposals to remedy any shortage therein or what ever updating and developing needed to improve the efficiency and effectiveness thereof. 4. The required bases for classifying the customers according to the degree of risks in the light of the documents, information and particulars made available to the office. <p>b. The office should take the necessary procedures to involve its concerned employees in training programs in the field of</p>
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			<p>combating money laundering and terrorism financing transactions.”</p> <p>Articles (14), (15) and (4) of the real estate offices organization regulation No. (53) for the year 2001 (enclosed) stipulated that: “Article (14): The director may delegate any of the members of the commission or any employee at the department to inspect any real estate office to verify its compliance with the provisions of this regulation.”</p> <p>“Article (15): Pursuant to the recommendation of the commission, the director may take any of the following procedures: a- Give a warning to the real estate office owner if he breaches any of the provisions of this regulation, requiring him to comply with such provisions within the period prescribed in the warning. b- Suspend the license of the real estate office for a period not more than six months in case of recurrence of the breach. c- Cancel the license if the breach is committed more than twice.”</p> <p>As to the concerned commission, it is the commission formed by virtue of article (4) of the said regulation, which stipulates the following: “a- A committee shall be formed within the department, under the chairmanship of the director or who represents him and with the membership of two employees of the department, the grade of each shall not be lower then the second grade, to be appointed by the director. b- The commission shall hold a meeting at the invitation of its chairman once a month at least. The meeting shall be legal in the presence of all the members of the commission which shall take its decisions with the majority of the votes of its present members.”</p> <p>The tasks of the commission were determined in article (5) of the regulation which stipulates that: “Article (5):</p>
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			<p>a- The commission undertakes the following tasks:</p> <ol style="list-style-type: none"> 1- Study the license applications submitted to the department. 2- Verify the compliance of the real estate office with the conditions and requirements provided for in this regulation. <p>b- The commission shall submit its recommendations to the director, in order to take the appropriate decision to this effect.”</p> <p>Currently, the unit and the Land and Survey Department are coordinating to determine a mechanism for the follow-up of the application by the licensed real estate offices of the instructions and laws issued in the AML/CFT field.</p> <p>The Department of Lands and Survey has issued a circular to owners of real estate offices, through its website, providing for the necessity of abiding by Regulation no. 53 of 2001 governing real estate offices, and by AML/CFT Instructions of 2011 related to real estate offices, while ensuring that the Department will take the legal proceedings set forth in Article 16 of the Regulation, and will notify the competent authorities in charge of applying Article 15 of the Instructions and Articles 24 and 25 of AML/CFT Law should the interested fail to comply with the Regulation or the Instructions.</p> <p>The Department of Lands and Survey developed as well a draft amended regulation of Real Estate Offices Regulation of 2012, and submitted the same to the Prime Ministry whereas penalties were added in case of breaching any of AML/CFT Instructions provisions.</p> <p>Furthermore, a committee was formed, by virtue of a decision made by the Director of DLS on 19/7/2012, to inspect and follow-up the compliance of real estate offices with the provisions of Real Estate Offices Regulation and AML/CFT Instructions related to real estate offices (here attached).</p> <p>The DLS has also prepared a list of the items that are subject to verification, to ensure the compliance of real estate offices with the Real Estate Offices Regulation and the AML/CFT Instructions, particularly identifying customers, keeping records, and appointing an ML/FT suspicious transactions reporting officer, in addition to training employees through AML/CFT specialized training courses (here attached).</p>
13- Suspicious transaction reports	<ul style="list-style-type: none"> • Inappropriate scope of ML predicate 	<ul style="list-style-type: none"> • Be more precise as for the primary 	<p>Paragraph (a) of article (4) of the AML/CFT law was amended to read as follows:</p>

	<p>offences</p> <ul style="list-style-type: none"> • AMLU is not the sole entity responsible for receiving ML STRs. • Absence of any obligations in a primary or delegated legislation to report ML from or connected to TF or used in terrorism financing or terrorist acts or by terrorism organizations or terrorism financiers. • Inefficiency of reporting by the authorities' subject to law in the light of the new law implemented. 	<p>crimes in the field of money laundering crime, so that they cover the minimum level of crimes stipulated under R.1</p>	<p>“a- Every Fund that generates from any of the crimes indicated below shall be considered the subject of money laundering:-</p> <p>1- Any crime punishable pursuant to the provisions of the valid legislation in the Kingdom.</p> <p>2- Crimes, the proceeds of which are considered, according to the provisions of international agreements ratified by the Kingdom, as a subject of a money laundering crime.”</p> <p>By amending item (1) of paragraph (a) of article (4) of the AML/CFT law, so as to become (any crime punishable pursuant to the provisions of the valid legislation in the Kingdom) instead of (any crime punishable with a felony sanction, the scope of crimes was expanded so as to include the misdemeanors and felonies punishable in the Kingdom. Therefore, the twenty crimes listed in the methodology were included, which is indicated in the list of crimes and legal materials which criminalize the twenty crimes as primary crimes related to the money laundering crime, according to the legislations in force in the Kingdom (enclosed).</p>
		<ul style="list-style-type: none"> • AMLU should be the only competent authority authorized to receive STRs related to ML/FT. 	<p>The AML/CFT unit is the only authority which is authorized to receive notifications concerning transactions suspected to be related to ML/FT, whereas paragraphs (a) and (b) of article (7) of the AML/CFT law stipulated the following:</p> <p>“a- A Unit called the (Anti Money Laundering and Counter Terrorist Financing Unit) shall be established as a financially and administratively independent unit and shall be associated with the Governor of the Central Bank of Jordan.</p> <p>b- The Unit shall be responsible for receiving the notifications stated in Item (3) of Paragraph (a) of Article (14) of the law in relation to any transaction suspected to be related to money laundering or terrorist financing and requesting information related thereto, analyzing and investigating such, as well as providing the competent authorities with such information, when necessary, for the purposes of anti money laundering and counter terrorist financing.”</p> <p>Item (3) of paragraph (a) of article (14) of the AML/CFT law stipulated that the entities subject to the provisions of the law</p>

			<p>stated in article (13) of the law shall undertake to notify the unit immediately of any transaction suspected to be related to money laundering or terrorism financing, whether such transaction is conducted or not, by the means or the form approved by the Unit, provided that a copy of the notification, documents, legal instruments, data, and information related thereto shall be maintained for a period of not less than five years or until a final judicial verdict is issued regarding such transaction, whichever is longer.</p> <p>This was ascertained in all the instructions issued by the regulatory and supervisory authorities engaged with combating money laundering and terrorism financing in the Kingdom.</p>
		<ul style="list-style-type: none"> • Obligations stipulated in the Law should apply to all financial institutions in terms of reporting any suspected FT transactions. • The reporting range must be expanded to cover reporting in the event where the funds are related or connected to or could be used for terrorist purposes or by terrorist organizations or institutions which finance terrorism. 	<p>Terrorist financing was defined in article (2) of the AML/CFT law in force as follows: "Committing any of the acts stipulated in Paragraph (b) of Article (3) of this law."</p> <p>By amending the AML/CFT law in force, the financing of terrorism is criminalized by virtue of paragraph (b) of article (3) of the said law which stipulated that: "It shall be prohibited to provide, collect, insure obtaining or moving, by any means, whether directly or indirectly, funds, even from legitimate sources, to a terrorist, terrorist organization, commission, society or group or for a terrorist act, with the knowledge of such, whether such funds are used wholly or partially or not used, and regardless of whether such act has occurred or not."</p> <p>The AML/CFT law in force also confirmed that all the entities subject to the provisions of the law shall undertake to notify about the transactions suspected to be related to money laundering or terrorist financing, whereas item (3) of paragraph (a) of article (14) of the law stipulated that: "a- The entities subject to the provisions of this law undertake to perform the following:</p> <p>3- Notify the Unit immediately of any transaction suspected to be related to money laundering or terrorist financing whether such transaction is conducted or not, by the means or the form approved by the Unit, and maintain a copy of the notification, documents, instruments, data, and information related thereto</p>

			<p>for a period of not less than five years or until a final judicial verdict is issued regarding such transaction, whichever is longer.”</p> <p>Consequently, the notification about transactions suspected to be related to money laundering or terrorist financing is among the obligations to be fulfilled by all the entities subject to the provisions of the law.</p> <p>This was ascertained in all the instructions issued by the regulatory and supervisory authorities engaged with combating money laundering and terrorism financing in the Kingdom.</p>
	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • AMLU must set a feedback mechanism to the reporting entities regarding the results of submitted reports. This mechanism should not lead to warn the suspected upon referring the STR to the public prosecution. 	<p>By virtue of the AML/CFT law amendment, the AMLU became obliged to provide a feedback to the reporting entities regarding the notifications it received, whereas paragraph (c) of article (17) of the AML/CFT law in force stipulated that “the Unit shall notify the entities that are obliged to report pursuant to the provisions of this law, of the receipt of its notification pursuant to the provisions of Item (3) of Paragraph (a) of Article (14) of this law in accordance with the Instructions issued by the Chief of the Unit for this purpose.”</p> <p>The unit listed the notifications statistics in terms of number and the entity which sent such notifications, within the Unit annual report for the years 2007 to 2009 (enclosed). The unit annual report for the year 2009 also listed some cases reported to the unit which demonstrate to the subject parties the means and tools used in these cases.</p> <p>The Unit has issued its annual report of the year 2010 (here attached) which includes an overview of the Unit, relevant organization chart, and the main activities undertaken at the local, Arab and international levels, with statistics on the number of reports received by the Unit from such entities governed by the Law, and the cases referred by the supervisory authorities and other authorities, and the conviction decisions, and the report included as well the ICRG review process made to the Kingdom.</p> <p>The Unit issued its annual report of the year 2011 (here</p>

			<p>attached) to update all concerned parties on all news regarding the AML/CFT regulations at the local, regional, and international levels, including detailed statistics about the reports received by the Unit, whether from such authorities governed by the Law or the supervisory authorities or the administrative and security authorities, along with the reports analysis findings, and the cases referred to the public prosecutor or the competent authorities.</p> <p>The unit also sent the MENAFATF report on the indicators and trends of money laundering and terrorist financing in the Middle East and North Africa to all the contact officers at the regulatory entities to circulate it among the entities subject to its control, in order to provide them with information on the methods, means, and tools used in ML/FT in the region.</p> <p>The unit also opened, on its website, a page for the applications which contains electronic links with the websites of the FATF, the MENAFATF and the EGMONT Group, concerning the applications papers issued by the unit, so as to facilitate the access thereto by the subject parties and to refer thereto as well in order to be informed about the methods, ways and trends of money laundering and terrorist financing.</p> <p>This is consistent with the guidance manual issued by the FATF concerning the best practices of providing the financial and non-financial institutions with feedback.</p> <p>In addition to the foregoing and as to the feedback related to each case, the unit relies upon an electronic notification system for the notifications received from banks, which give the reference number of the notifying bank, upon sending a notification to the unit and that the notification was received by the unit.</p> <p>As to the paper notifications sent by other entities such as the exchange companies and financial companies, the receipt of the official letter shall be signed and enclosed with the notification form prepared by the unit.</p> <p>Knowing that the unit has currently reached the final stages of launching a new electronic notification program through which notifications can be sent by internet (the safe network) by all the entities subject to the notification obligation, where an e-</p>
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15- Internal controls,	• AML instructions for insurance	• Issue the AML instructions in the	Instructions No. (6) for the year 2010 “AML/CFT instructions

compliance, and auditing.	<p>activities are not issued pursuant to the AML law in order to be able to impose sanctions on companies violating the instructions.</p> <ul style="list-style-type: none"> • The limited number of training programs in the financial institutions except banks. • Inexistence of independent units in charge of examining the compliance of the AML/CFT internal control systems. • The evaluation team found no obligation on FIs to set investigation procedures to ensure high standard while appointing employees in exchange companies, financial services companies and insurance companies and to ensure the independence of the compliance officer. 	<p>insurance activity based on the AML law in order to be able to impose sentences therein on companies violating the instructions.</p>	<p>pertaining to insurance activities and amendments thereof" were issued according to the provisions of paragraph (k) of article (23) of the insurance business law No. (33) for the year 1999 and the provisions of item (4) of paragraph (a) of article (14) of the AML/CFT law in force (enclosed).</p> <p>The AML/CFT law in force provided for sanctions in case of non-compliance with the AML/CFT laws, regulations, instructions and decisions, whereas article (30) stipulated that: "Any violation to any of the provisions of this law, regulations, instructions and decisions issued by virtue thereof for which a penalty is not specified in the law, the offender shall be fined with not less than one thousand Dinars and not more than ten thousand Dinars. The fine shall be doubled in the event of recurrence; where the violation is repeated for more than twice, the fine shall be doubled up to the maximum limit".</p>
	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Work on enhancing and developing regulations and internal policies of small banks. 	<p>The AML/CFT instructions No. (51) for the year 2010 obliged all the banks to establish internal policies, procedures and controls as well as appropriate regulations and mechanisms for AML/CFT. There are no small or large banks that are exempted from applying the instructions, whereas the extent of application of the instructions by the banks and the extent of consistency of these policies with the instructions in force were verified through the tasks of onsite inspection conducted by the Central Bank of Jordan and the results thereof were reflected in the inspection report.</p>
	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Require financial institutions to have an independent auditing function provided with sufficient resources to test the compliance with AML procedures, policies and internal regulations. 	<p>As to requiring financial institutions to have an independent auditing function provided with sufficient resources</p> <p><u>Banking sector</u></p> <p>Article (9), items (third), (fourth) and (tenth) of the AML/CFT instructions No. (51/2010) dated 23/11/2010 stipulated that:</p> <p><u>"Article 9: Internal System:</u></p>

			<p>The bank shall set a proper internal system which includes internal policies, procedures and controls for anti money laundering and counter terrorist financing. This system shall include the following:</p> <p>Third: Allocate an independent and qualified staff within the Department of Internal Audit provided with sufficient resources to test the compliance with procedures, policies, and internal controls to combat money laundering and terrorist financing.</p> <p>Fourth: A proper mechanism to verify the compliance with anti money laundering and counter terrorist financing policies and procedures by all staff of the audit mentioned in item (third) of this Article and the Reporting Officer, taking into consideration coordination of authorities and responsibilities determination between them.</p> <p>Tenth: Setting systems and procedures that ensure the performance of internal audit bodies of their role in examining internal control and supervision systems to guarantee their efficiency in anti money laundering and counter terrorist financing and reviewing such periodically, suggesting whatever necessary to complement any lack therein and update and develop the effectiveness and efficiency thereof.”</p> <p><u>Exchange sector</u></p> <p>Paragraphs (e) and (g) of article (6) of the AML/CFT instructions pertaining to exchange companies stipulated that “the moneychanger shall perform the following:</p> <p>e- Allocate an independent and qualified staff within the Department of Internal Audit provided with sufficient resources to test the compliance with procedures, policies, and internal controls to combat money laundering and terrorist financing.</p> <p>g- Setting systems and procedures that ensure the performance of internal audit bodies of their role in examining internal control and supervision systems to guarantee their efficiency in anti money laundering and counter terrorist financing and reviewing such periodically to complement any lack therein and update and develop the effectiveness and efficiency thereof.”</p>
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			<p><u>Securities sector:</u></p> <p>The AML/CFT instructions pertaining to securities activities treated the creation of an independent auditing function provided with sufficient resources, whereas items (2, 3 and 4) of article 13 of the instructions stipulated the following: “The internal anti-money laundering and counter terrorist financing system:</p> <p>Subject Parties shall adopt an appropriate internal system that includes the policies, procedures, and internal controls needed to counter money laundering and terrorist financing operations. The said system shall include the following:</p> <p>2. Detailed written anti money laundering and counter terrorist financing procedures that define precisely the duties and responsibilities in accordance with the approved policy and the instructions issued by the Jordan Securities Commission in this regard.</p> <p>3. An appropriate mechanism to verify compliance with anti money laundering and counter terrorist financing instructions, policies, and procedures in force.</p> <p>4. To assign an independent and qualified staff within the internal audit department equipped with adequate resources to test compliance with anti money laundering and counter terrorist financing procedures, policies, and internal controls.”</p> <p><u>Insurance sector</u></p> <p>Paragraphs (b/c/d) of article (15) of the AML/CFT instructions No. 6 for the year 2010, pertaining to insurance activities stipulated that “the company shall establish a proper internal system which includes policies, procedures and internal controls to prevent money laundering and financing of terrorism. This system shall include the following:-</p> <p>b- To set an independent and qualified staff within the internal auditing in the company to be fully supplied with required resources to test the compliance of the company with the</p>
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		<p>procedures, policies and internal controls for combating money laundering and financing of terrorism.</p> <p>c- Proper mechanism to verify compliance with the provisions of these instructions and the decisions issued by virtue thereof, the policies and procedures set of combating money laundering and terrorism financing, taking into account the coordination in terms of determining the authorities and responsibilities between the internal audit entity and the notification officer.</p> <p>d- Procedures and capabilities which guarantee that the internal audit entity is performing its function of examining the internal control and supervision systems to ensure its anti money laundering and financing of terrorism effectiveness and suggest needed measurements in case of insufficiency or updating and developing these systems to enhance its efficiency and effectiveness.”</p> <p><u>Financial leasing sector</u></p> <p>Items (2 and 3) of paragraph (a) of article (13) of the AML/CFT instructions pertaining to companies which exercise the financial leasing activity for the year 2011 stipulated that:</p> <p>“a- The company shall set a suitable internal by-law comprising the internal policies, bases, procedures and controls which shall be available for combating money laundering and terrorist financing transactions, provided it includes the following:-</p> <p>2- Assign an independent and qualified cadre within the Internal Auditing Department and provided with sufficient resources to examine the compliance with the internal procedures, policies and controls for combating money laundering and terrorist financing.</p> <p>3- The procedures which would ensure the examination of the internal control and supervision bylaws to ensure their effectiveness in combating money laundering and terrorist financing as well as submit the necessary proposals to remedy any shortage therein or what ever updating and developing needed to improve the efficiency and effectiveness thereof.”</p> <p><u>Sector of Financial Activities:</u></p> <p>Paragraph (a) of Article 13 of AML/CFT Instructions no. 3 of</p>
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			<p>2011 issued to the entities that deal in any financial activity stipulated in Law, provides for the following:-</p> <p>a- The entities shall establish a proper internal system, including the internal policies, procedures and controls that shall be available in order to fight ML/FT, provided that the same shall include the following:</p> <p>1- A clear policy to fight against ML/FT transactions, to be updated on an ongoing basis, which includes detailed written procedures for AML/CFT, subject to specifying precisely the obligations and responsibilities in conformity with the applicable AML/CFT Law, the provisions of the present Instructions, and all resolutions made by virtue thereof.</p> <p>2- An adequate mechanism to check compliance with applicable AML/CFT Law, the present Instructions, and any resolutions issued by virtue thereof.</p> <p>3- The procedures that ensure the verification of internal supervision and control systems to make sure of their efficiency in terms of AML/CFT, while proposing necessary measures to fill any relevant gaps, or make any required updates and developments in order to increase pertinent competency and efficiency.</p> <p>4- The principles deemed necessary to classify the customer by degree of risks, in light of the documents, information and data made available to the entities.</p> <p><u>Sector of Postal Services:</u></p> <p>Paragraph (a) of Article 13 of AML/CFT Instructions issued to entities that deal in postal services stipulates the following:-</p> <p>a- The post operator shall establish a proper internal system which includes the internal policies, principles, procedures and controls that shall be available to fight against ML/FT cases, provided that the same shall include:-</p> <p>1- A clear policy to fight against ML/FT transactions, to be updated on an ongoing basis, which includes detailed written procedures for AML/CFT, subject to specifying precisely the obligations and responsibilities in conformity with the applicable AML/CFT Law, the provisions of the present Instructions, and all resolutions made by virtue thereof.</p> <p>2- An adequate mechanism to check the compliance with the</p>
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			<p>applicable AML/CFT Law, the present Instructions, and any requirements issued by virtue thereof”.</p> <p>3- The procedures that ensure the verification of internal supervision and control systems to make sure of their efficiency in terms of AML/CFT, while proposing necessary measures to fill any relevant gaps, or make any required updates and developments in order to increase pertinent competency and efficiency.</p> <p>4- The principles deemed necessary to classify the customer by degree of risks, in light of the documents, information and data available to the post operator.</p>
		<ul style="list-style-type: none"> Require exchange companies to set forth systems and internal policies related to AML instructions application and execution (financial services companies) while setting screening procedures to ensure the high level standards of employees efficiency, and granting the compliance officer full independency 	<p><u>Exchange sector</u></p> <p>The AML/CFT instructions pertaining to exchange companies were amended, whereas paragraphs (e) and (g) of article (6) thereof stipulated that:</p> <p>“The moneychanger shall perform the following:</p> <p>e- Allocate an independent and qualified staff within the Department of Internal Audit provided with sufficient resources to test the compliance with procedures, policies, and internal controls to combat money laundering and terrorist financing.</p> <p>g- Setting systems and procedures that ensure the performance of internal audit bodies of their role in examining internal control and supervision systems to guarantee their efficiency in anti money laundering and counter terrorist financing and reviewing such periodically to complement any lack therein and update and develop the effectiveness and efficiency thereof.”</p> <p>Item (3) of paragraph (a) of article (8) of the same instructions stipulated that the moneychanger shall perform the following:</p> <p>“3- Perform no influence over the independence of MLRO in any manner while performing his duties.”</p> <p>The instructions stated that it is important to train the employees of the exchange companies in the AML/CFT field, whereas paragraph (f) of article (6) of the instructions stipulated that “the moneychanger shall perform the following:</p> <p>f- acquaint employees with the following:</p> <p>1-Provisions of The Money Laundering and Counter Terrorism</p>

			<p>Financing and regulations issued pursuant thereto.</p> <p>2- The Guidelines of identifying suspicious patterns of anti money laundering and counter terrorism financing transactions.</p> <p>3- Reporting procedures of reporting transactions suspected to be related to money laundering or terrorism financing.”</p> <p><u>Securities sector</u></p> <p>The establishment of regulations and policies for the financial services companies was treated in the AML/CFT instructions pertaining to securities activities, whereas items (3) and (4) of article (13) stipulated that “the internal anti-money laundering and counter terrorist financing system: Subject Parties shall adopt an appropriate system that includes the policies, procedures, and internal controls needed to counter money laundering and terrorist financing operations. Said system shall include the following:</p> <p>3. An appropriate mechanism to verify compliance with anti money laundering and counter terrorist financing instructions, policies, and procedures in force.</p> <p>4. To assign an independent and qualified staff within the internal audit department equipped with adequate resources to test compliance with anti money laundering and counter terrorist financing procedures, policies, and internal controls.”</p> <p>Article (11) of the same instructions also stipulated that:</p> <p>“A. Subject Parties shall designate a Reporting Officer and provide the Commission and Unit with his name and whoever acts for him, and with a copy of the procedures approved by Subject Parties to implement the provisions of the Anti Money Laundering and Counter Terrorist Financing Law and these Instructions. The Reporting Officer shall meet the following requirements:</p> <ol style="list-style-type: none"> 1. To be accredited. 2. To possess the necessary experience and qualifications. 3. To have full capacity, and to be of good behavior and conduct. 4. Any other conditions approved by the Board. <p>B. Subject Parties shall also designate someone to act for the</p>
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			<p>Reporting Officer in case of his absence. The deputy shall meet the same qualifications as the Reporting Officer.</p> <p>C. Subject Parties shall enable the Reporting Officer to conduct his duties independently, in a manner that preserves the secrecy of the information that he receives and the procedures that he follows, and to give him access to the records and data that he needs in order to fulfill his duty.</p> <p>D. Reporting procedures:</p> <ol style="list-style-type: none"> 1. The chairman and members of the board, the executive board, the general-manager, and all employees of Subject Parties shall comply with the provisions of these Instructions and inform the Reporting Officer of any transactions that are suspected to be connected with money laundering or terrorist financing. 2. The Reporting Officer shall comply with the provisions of the Anti Money Laundering and Counter Terrorist Financing Law, the bylaws, instructions, and decisions issued pursuant thereto. He shall inform the Unit immediately of any transaction that is suspected to be connected with money laundering or terrorist financing on a form approved by the Unit, with all data and documents related to these transactions and the reasons for suspicion attached thereto. 3. Subject Parties shall provide the Reporting Officer with the means to conduct his duties independently, in a manner that preserves the secrecy of the information that he receives and the procedures that he follows. They shall give him access to the records and data needed to conduct the examinations and to review the systems and procedures adopted by Subject Parties to combat money laundering and terrorist financing, to examine the degree of compliance with the implementation of these systems and procedures, and to propose any remedial action that may be necessary to redress any shortcomings or update or develop it to increase their efficiency and efficacy. 4. It is prohibited to disclose directly or indirectly any reporting procedures that are adopted regarding transactions suspected to be linked with money laundering or terrorist financing or any
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			<p>data related thereto.”</p> <p>Article (19) of the said instructions stipulated that “subject parties shall acquaint its employees with the following:</p> <ol style="list-style-type: none"> 1. The text of the Anti Money Laundering and Counter Terrorist Financing Law in force and the instructions issued pursuant thereto. 2. The guidelines for identifying patterns suspected to fall within money laundering and terrorist financing operations. 3. Reporting procedures of transactions suspected to be related to money laundering or terrorist financing.”
	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Give sufficient attention to employees training and qualification. 	<p>As to training and qualification, the Banking Studies Institute held many training workshops in the AML/CFT field for the employees of banks and exchange companies, in order to acquaint them with the international recommendations and standards in AML/CFT and to inform them about the ML/FT methods and trends, in addition to the importance of notifying the AML/CFT unit of the transactions suspected to be related to money laundering and terrorism financing (enclosed).</p> <p>The Institute of Banking Studies has organized, in 2011 and 2012, 8 training sessions to the sector of banks and money exchange companies, which were attended by 179 participants. Said training sessions were related to AML/CFT, the international standards and pertinent applications at the local level in the field of AML/CFT (here attached).</p> <p>Furthermore, the Institute of Banking Studies signed a memorandum of understanding with ACAMS on 3/4/2012, by virtue of which the Institute organized a training program which included 28 participants from different institutions of the banking sectors, to grant the CAMS certificate.</p> <p>As to requiring the financial institutions to give sufficient attention to the training and qualification of the employees</p> <p><u>Banking sector</u></p> <p>Article (9), item (eighth) of the AML/CFT instructions No. (51/2010) dated 23/11/2010 stipulated that:</p> <p><u>“Article (9): Internal System:</u></p> <p>The bank shall set a proper internal system which includes</p>

			<p>internal policies, procedures and controls for anti money laundering and counter terrorist financing. This system shall include the following:</p> <p>Eighth: Setting continuous training plans and programs for the staff operating in the field of anti money laundering and counter terrorist financing transactions with special attention to be paid to money laundering and terrorist financing methods, detecting, and reporting the same as well as ways of handling suspicious customers. Records of all training programs shall be maintained for no less than five years and shall include the names of trainees, their qualifications and the training body, whether inside or outside the Kingdom.”</p> <p>Article (11), item (third) of the said instructions also stipulated that:</p> <p><u>“Article 11: Final Provisions</u></p> <p>Third: The bank shall educate the staff of the necessary information about: -</p> <p>1- Anti Money Laundering and Counter Terrorist Financing Law in force, regulations, instructions and decisions issued pursuant to any of them.</p> <p>2 - Patterns suspected to be related to money laundering and terrorist financing transactions contained in the annexed guidance manual, and use it as a tool to educate the staff.</p> <p>3 - Notification procedures for transactions that are suspected of being related to money laundering or terrorist financing.</p> <p>4 - Policies, rules, procedures and internal controls established by the Bank to combat money laundering and terrorist financing.”</p> <p>Between 2010 and 2012, several banks operating in the Kingdom have sent their employees to participate in about 236 local and international workshops related to AML/CFT and other pertinent subjects, like bank forgery and fraud, also many banks had recourse to the e-learning method in order to train and test their employees electronically in the field of AML/CFT.</p>
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			<p>of money exchange companies with AML/CFT Instructions issued by the Central Bank of Jordan, including the existence of specialized training programs and plans in the field of AML/CF intended for the employees of the money exchange companies; resulting findings were included in the inspection report.</p> <p><u>Securities sector</u></p> <p>This was treated through the AML/CFT instructions pertaining to securities activities, whereas article (13) stipulated that “The internal anti-money laundering and counter terrorist financing system:</p> <p>Subject Parties shall adopt an appropriate system that includes the policies, procedures, and internal controls needed to counter money laundering and terrorist financing operations. Said system shall include the following:</p> <p>5- Training programs necessary for different levels of employees, and commitment to attend the training courses supervised by the Commission and/ or the AML/CFT Unit.</p> <p>Article (19) of the AML/CFT instructions pertaining to securities activities stipulated that “the subject parties shall acquaint its employees with the following:</p> <ol style="list-style-type: none"> 1. The text of the Anti Money Laundering and Counter Terrorist Financing Law in force and the instructions issued pursuant thereto. 2. The guidelines for identifying patterns suspected to fall within money laundering and terrorist financing operations. <p>1. Reporting procedures of transactions suspected to be related to money laundering or terrorist financing.”</p> <p>The securities commission held sessions for training and qualification of the contact officers at the financial services companies, which comprised a material about combating money laundering and terrorism financing.</p> <p>Between the years 2010 and 2012, several money exchange companies have sent their employees to participate in 10 training programs and workshops related to AML/CFT and fraud crimes.</p> <p>Moreover, the Securities Commission checks, during inspection visits, the compliance of such entities under its control with establishing internal systems that include AML/CFT policies and procedures, while verifying the existence of training</p>
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			<p>programs to their employees, and perusing such sessions and pertinent certificates, pursuant to Article 13 and 19 of AML/CFT Instructions.</p> <p><u>Insurance sector</u></p> <p>Article (15) of the AML/CFT instructions No. (6) for the year 2010, "AML/CFT instructions pertaining to insurance activities and amendments thereof" stipulated that "the company shall establish a proper internal system which includes policies, procedures and internal controls to prevent money laundering and financing of terrorism. This system shall include the following:-</p> <p>g- Implementing ongoing training plans and programs for employees that the nature of their works require dealing with insurance transactions that can be used in money laundering and financing of terrorism, provided that such training programs shall include money laundering and financing of terrorism methods, the manner in which it is discovered and reported, the manner of dealing with the suspected customers in accordance with the legislation related to anti money laundering and financing of terrorism."</p> <p>Training workshops were held for the workers at the insurance companies on combating money laundering and terrorism financing and the international standards issued in this regard (enclosed).</p> <p>In 2011, the insurance companies trained their employees through 13 specialized training workshops in the field of AML/CFT.</p> <p>The Insurance Commission checks the compliance of such entities under its control to the AML/CFT instructions in terms of insurance activities, and includes pertinent findings and observations in the inspection report, given that the inspection process consists in verifying if the insurance companies are sending their employees to AML/CFT specialized training sessions and programs.</p> <p><u>Financial leasing sector</u></p> <p>Article (13) of the AML/CFT instructions pertaining to financial leasing companies for the year 2011 stipulated the</p>
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			<p>following: "The company shall set a suitable internal by-law comprising the internal policies, bases, procedures and controls which shall be available for combating money laundering and terrorist financing transactions, provided it includes the following:-</p> <p>b- The company shall take the necessary procedures to involve its concerned employees in training programs in the field of combating money laundering and terrorist financing transactions."</p> <p>Paragraph (e) of article (10) of the said instructions stipulated the following:-</p> <p>"The company shall carry out the following:-</p> <p>e- Educate the staff about the necessary information about: -</p> <p>1- Anti Money Laundering and Counter Terrorist Financing Law in force, regulations, instructions and decisions issued pursuant to any of them.</p> <p>2 - Patterns suspected to be related to money laundering and terrorist financing transactions contained in the annexed guidance manual, and use it as a tool to educate the staff.</p> <p>3 - Notification procedures for transactions that are suspected of being related to money laundering or terrorist financing.</p> <p>4 - Policies, rules, procedures and internal controls established by the Bank to combat money laundering and terrorist financing."</p> <p><u>Sector of Financial Activities:</u></p> <p>Paragraph (e) of Article 11 of AML/CFT Instructions no. 3 of 2011 issued to the entities that deal in any financial activity stipulated in Law, provides for the following:-</p> <p>e- Provide their employees with necessary information about:-</p> <p>1- The applicable AML/CFT Law, pertinent regulations, and the instructions and resolutions issued by virtue thereof.</p> <p>2- The patterns that are suspected of being related to ML/FT transactions.</p> <p>3- The procedures of ML/FT suspicious transactions reporting.</p>
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			<p>4- The internal policies, principles, procedures and controls adopted by the entities in order to fight against ML/FT cases.</p> <p><u>Sector of Postal Services:</u></p> <p>Paragraph (e) of Article 8 of AML/CFT Instructions no. 1 of 2012 issued to entities that deal in postal services stipulates the following:-</p> <p>“The post operators shall:-</p> <p>e- Provide their employees with necessary information about:-</p> <ol style="list-style-type: none"> 1- The applicable AML/CFT Law, pertinent regulations, and the instructions and resolutions issued by virtue thereof. 2- The patterns that are suspected of being related to ML/FT. 3- The procedures of ML/FT suspicious transactions reporting. 4- The internal policies, principles, procedures and controls adopted by the post operator in order to fight against ML/FT cases. <p>All the entities subject to the provisions of the law were listed within the array of the technical assistance of the Kingdom which is sent to the MENAFATF for the year 2010, whereas it covered many of the fundamental aspects for combating money laundering and terrorism financing.</p> <p>The Unit held bilateral meetings with such entities governed by the Law, whereas the Unit has met, between 2011 and 2012, with the reporting officers at banks, money exchange companies, financial intermediary companies, insurance companies, finance lease companies, and companies dealing in financial activities stipulated in the Law, in addition to gold and jewelry traders, and owners of real estate offices, in the presence of representatives from the supervisory authorities, each within his competence, the Central Bank of Jordan, the Securities Commission, the Insurance Commission, the Ministry of Industry and Trade, the Companies Control Department, and the Department of Lands and Survey. It is worth mentioning that the aforementioned meetings aimed at</p>
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			tackling the latest news in the field of AML/CFT, and at the meetings, all institutions of the financial sector and the designated non-financial businesses and professions were informed of the necessity of abiding by the AML/CFT Law in force, particularly in terms of due diligence measures, and reporting ML/TF transactions.
16- Designated non-financial businesses and professions—R.13-15 & 21	<ul style="list-style-type: none"> • No distinction between FIs and NFBPs within the law. • Real estate brokerage offices are not included with real estate dealers who are subject to the law. • Lawyers and accountants are not subject to the AML Law. • Competent authorities in Jordan have not started yet to evaluate compliance. NFBPs seem to know little about their duty to report suspicious transactions to the AML unit. • NFBPs are not required to report details of any transactions they suspect involving terrorism financing. • No legal obligation or supervisory regulations require NFBPs to set internal policies to fight ML and TF. Moreover, there is no special training in this field for employees of those institutions. • No obligation on DNFBPs to dedicate special attention to transactions with clients from countries that do not apply or insufficiently apply FATF Recommendations. • No policies or practical measures that ensure the compliance of NFBPs with AML/CFT standards, promote their employees' awareness or provide them with continuous training in this field. 	<ul style="list-style-type: none"> • Distinguish between financial institutions and non-financial professions as reporting entities subject to Law 46/2007. • Include the real estate brokerage offices under the entities subject to Law 46/2007. • Include lawyers and accountants under the entities subject to the AML Law no. 46/2007 as they practice activities stipulated under Recommendation 12. 	<p>The AML/CFT law in force distinguished between financial non-financial institutions which comprised persons or entities working in real estate trade and development among the entities subject to the provisions of the law. Persons who are engaged in the activities provided for in Recommendation (12) are also included, whereas article (13) of the AML/CFT law in force stipulated that "The following entities shall comply with the procedures stipulated in this law, regulations, instructions and decisions issued pursuant thereto:-</p> <p>a- Financial entities include:-</p> <ol style="list-style-type: none"> 1- Banks operating in the Kingdom. 2- Exchange companies and money transfer companies. 3- Persons or companies exercising any of the activities subject to the supervision and licensing of the Securities Commission. 4- Persons or companies exercising any of the activities subject to the supervision and licensing of the Insurance Commission. 5- Entities exercising any of the following financial activities:- <ul style="list-style-type: none"> – Granting all types of credit. – Providing payment and collection services. – Issuing and administering instruments payments and credit. – Trading in stock exchange market and capital market instruments for its own account or for the account of its clients. – Purchasing and selling debts with or without the right of recourse. – Financial leasing. – Managing investments and financial assets on behalf of a third party. 6- Entities offering postal services in accordance with the legislation in force. <p>b- Non financial entities include:-</p> <ol style="list-style-type: none"> 1- Persons or entities trading in real estate and its development. 2- Persons or entities trading in precious metals and stones.

			<p>3- Persons or entities that, on behalf of third party, perform any of the following business transactions:-</p> <ul style="list-style-type: none"> – Sale and purchase real estates. – Management of funds or any other financial assets. – Management of bank accounts, postal saving accounts or investments accounts in local and international financial markets. – Legal procedures necessary for establishing or managing any legal person, purchasing or selling commercial stores. – Organization of contributions related to the establishing or managing companies. <p>c- Entities or professions to which the Council of Ministers decides to apply the provisions of this law upon the recommendation of the National Committee.</p> <p>The AML/CFT instructions pertaining to real estate offices defined the “office” in paragraph (b) of article (2) as being “the real estate office licensed for buying and selling of land and real estate, and is an intermediary of such pursuant to the Real Estate Offices Organization Regulation in force.” Therefore, the real estate brokerage offices were included within the entities subject to the law.</p>
	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Establish a legal provision that obliges all DNFBPs to report suspected transactions, where there are reasonable grounds to suspect that they are linked or connected to terrorism or terrorist acts or to be used to conduct for terrorist purposes or terrorist acts by terrorist organizations or those who finance terrorism. 	<p>Item (3) of paragraph (a) of article (14) of the AML/CFT law stipulated that the entities subject to the provisions of the law, including the designated non-financial businesses and professions must “notify the Unit immediately of any transaction suspected to be related to money laundering or terrorist financing whether such transaction is conducted or not, by the means or the form approved by the Unit, provided that a copy of the notification, documents, legal instruments, data, and information related thereto shall be maintained for a period of not less than five years or until a final judicial verdict is issued regarding such transaction, whichever is longer.”</p> <p>Money laundering was criminalized according to the provisions of paragraph (b) of article (3) of the AML/CFT law which stipulated that “it shall be prohibited to provide, collect, insure obtaining or moving, by any means, whether directly or indirectly, funds, even from legitimate sources, to a terrorist,</p>

			<p>terrorist organization, commission, society or group or for a terrorist act, with the knowledge of such, whether such funds are used wholly or partially or not used, and regardless of whether such acts have occurred or not.”</p> <p>This was confirmed in the instructions issued to date which organize the goldsmithing and sale of jewelry, precious metals and gems' shops and in the instructions which organize the licensed real estate offices.</p>
	•	<ul style="list-style-type: none"> • Introduce internal policies and controls to implement AML measures and to create an independent auditing unit to ensure the compliance of DNFBPs, particularly those subject to the law, with AML/CFT measures. 	<p><u>Jewelry sector</u></p> <p>Pursuant to the AML/CFT instructions pertaining to goldsmithing and sale of jewelry, precious metals and gems' shops for the year 2010, the goldsmithing and sale of jewelry, precious metals and gems' shops are bound to set a suitable internal by-law comprising the internal policies, bases, measures and controls which should be available for combating money laundering and terrorism financing transactions whereas paragraph (a) of article (12) of the said instructions also stipulated that:</p> <p>“a. The shop should set a suitable internal by-law comprising the internal policies, bases, measures and controls which should be available for combating money laundering and terrorism financing transactions, provided it includes the following:</p> <ol style="list-style-type: none"> 1. Clear policy for combating money laundering and terrorism financing transactions as well as continuously updating them comprising written detailed procedures for combating money laundering and terrorism financing transactions in which the duties and responsibilities are precisely determined in a manner consistent with the provisions of the Anti Money Laundering and Counter Terrorist Financing law in force, provisions of these Instructions and decisions issued pursuant thereto. 2. Suitable mechanism for verifying compliance with the provisions of Anti Money Laundering and Counter Terrorist Financing law in force, these Instructions and decisions issued pursuant to any of them. 3. The procedures which shall ensure the examination of the internal control and supervision to ensure their effectiveness in combating money laundering and terrorism financing as well as submit the necessary proposals to remedy any shortage therein or what ever updating and developing needed to improve the

			<p>efficiency and effectiveness thereof.</p> <p>4. The required bases for classifying the customers according to the degree of risks in the light of the documents, information and particulars made available to the shop.</p> <p>According to the same instructions, the chartered accountant shall verify the application of the AML/CFT instructions, whereas article (11) of the instructions stipulated that “the certified accountant appointed by the shop should, in addition to his functions, ascertain the shop’s compliance with the Anti Money Laundering and Counter Terrorist Financing Law in force and the provisions of these Instructions and ascertain the extent of sufficiency of the shop policies and procedures related thereto, and to include his conclusions in the annual report.”</p> <p>The goldsmithing and sale of jewelry, precious metals and gems' shops are bound to acquaint their staff with the AML/CFT laws and instructions, whereas paragraph (e) of article (10) of the instructions stipulated that the shop must:</p> <p>“e- Educate the staff about the necessary information about: 5- Anti Money Laundering and Counter Terrorist Financing Law in force, regulations, instructions and decisions issued pursuant to any of them.</p> <p>6 - Patterns suspected to be related to money laundering and terrorist financing transactions contained in the annexed guidance manual</p> <p>7 - Notification procedures for transactions that are suspected of being related to money laundering or terrorist financing.</p> <p>8 - Policies, rules, procedures and internal controls established by the shop to combat money laundering and terrorist financing.”</p> <p><u>Real estate sector</u></p> <p>Article (12) of the AML/CFT instructions pertaining to licensed real estate offices stipulated that:</p> <p>“Article (12):</p> <p>a. The office shall set a suitable internal by-law comprising the internal policies, bases, procedures and controls which shall be available for combating money laundering and terrorism financing transactions, provided it includes the following:</p>
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			<p>1. Clear policy for combating money laundering and terrorism financing transactions as well as continuously updating it comprising written detailed procedures for combating money laundering and terrorism financing transactions in which the duties and responsibilities are precisely determined in a manner consistent with the provisions of the Anti Money Laundering and Counter Terrorist financing law in force and the provisions of these Instructions and decisions issued pursuant thereto.</p> <p>2. A suitable mechanism to ascertain compliance with the provisions of Anti money laundering and Counter terrorist financing Law in force, these Instructions and the issued decisions.</p> <p>3. The procedures which would ensure the examination of the internal control and supervision by-laws to ensure their effectiveness in combating money laundering and terrorism financing as well as submit the necessary proposals to remedy any shortage therein or what ever updating and developing needed to improve the efficiency and effectiveness thereof.</p> <p>4. The required bases for classifying the customers according to the degree of risks in the light of the documents, information and particulars made available to the office.</p> <p>b. The office should take the necessary procedures to involve its concerned employees in training programs in the field of combating money laundering and terrorism financing transactions.”</p> <p>Paragraph (e) of article (10) of the said instructions stipulated the following:</p> <p>“The office must carry out the following:</p> <p>e- Educate the staff about the necessary information about: -</p> <p>1- Anti Money Laundering and Counter Terrorist Financing Law in force, regulations, instructions and decisions issued pursuant to any of them.</p> <p>2 - Patterns suspected to be related to money laundering and terrorist financing transactions contained in the annexed guidance manual</p> <p>3 - Notification procedures for transactions that are suspected of being related to money laundering or terrorist financing.</p> <p>4 - Policies, rules, procedures and internal controls established by the office to combat money laundering and terrorist</p>
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			<p>financing.”</p> <p>Article (11) of the said instructions bound the certified accountant to verify the compliance of the licensed real estate office with the AML/CFT instructions pertaining to licensed real estate offices, whereas article (11) of the instructions stipulated that “the office shall include in the agreement signed between it and the certified accountant a provision which shall obligate the certified accountant to verify the office’s implementation of these Instructions and extent of sufficiency of the office policies and procedures related therewith, and to include the outcomes thereof in its report submitted to the administration together with the necessity of notifying the Land and Survey Department immediately upon his discovering any violation to these Instructions.”</p>
	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Coordinate between the entities granting the certificates to practice professions and the Ministry of Industry and Trade in order to determine which of them should supervise the compliance of DNFBPs with AML measures. 	<p><u>Jewelry sector</u></p> <p>The instructions related to the licensing of goldsmithing and sale of jewelry shops for the year 2009 and their amendments are issued by the Ministry of Interior. Therefore, one commission or more in each governorate shall be formed under the chairmanship of one of the administrative governors and with the membership of two delegates from the competent authorities. It shall be entrusted with making inspection visits to licensed shops, pursuant to these instructions, in order to verify their compliance with the provisions of these instructions, including the examination of records and submittal of reports and necessary recommendations to the competent governor.</p> <p>Article (8) of these instructions stipulated the following:</p> <p>“a- One commission or more in each governorate shall be formed under the chairmanship of one of the administrative governors and with the membership of two delegates from the competent authorities.”</p> <p>b- The commission It shall be entrusted with making inspection visits to licensed shops, by virtue of these instructions, to verify their compliance with the provisions hereof, including the examination of records and submittal of reports and necessary recommendations to the competent governor.”</p> <p>The commission in fact makes inspection visits periodically to goldsmithing and sale of jewelry, precious metals and gems'</p>

			<p>shops in all the governorates of the Kingdom.</p> <p>The unit and the ministry of interior are currently coordinating to establish a mechanism which grants the formed commission the power to conduct inspection and to follow-up the application by the goldsmithing and sale of jewelry, precious metals and gems' shops of the instructions and laws issued in the AML/CFT field.</p> <p>Pursuant to Article 8 of jewelers and jewelries license Instructions of 2009 and relevant amendments, committees were formed, headed by an administrative governor from all provinces of the Kingdom, with the membership of delegates from the competent authorities, including the delegates of the Ministry of Industry and Trade and the Companies Control Department, in order to conduct inspection visits to jewelers and jewelries and check compliance thereof with AML/CFT Instructions, in addition to other matters required in the scope of such shops license instructions.</p> <p><u>Real estate sector</u></p> <p>Upon granting licenses to the real estate offices, the Land and Survey Department communicates with the Ministry of Industry and Trade for the purposes of granting a trade name to the office and verifying its purposes. The Land and Survey Department does not grant the license unless after the approval of the Ministry of Industry and Trade upon the office trade name, since it is regarded as the authority which grants the license by virtue of article (2) of the survey professions and real estate offices organization law No. (38) for the year 1980 (enclosed) which stipulates that: "No one may exercise the survey profession related to the business and transactions of the Land and Survey Department without obtaining from the Land Department a survey license, pursuant to the provisions of such law and the regulations issued by virtue thereof.</p> <p>Articles (14), (15) and (4) of the real estate offices organization regulation No. (53) for the year 2001, in addition to the AML/CFT instructions pertaining to the licensed real estate offices for the year 2010 were issued pursuant to article (16) of such regulation, stipulated that:</p> <p>"Article (14): The director may delegate any of the members</p>
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			<p>of the commission or any employee at the department to inspect any real estate office to verify its compliance with the provisions of this regulation.”</p> <p>“Article (15): Pursuant to the recommendation of the commission, the director may take any of the following procedures:</p> <p>a- Give a warning to the real estate office owner if he breaches any of the provisions of this regulation, requiring him to comply with such provisions within the period prescribed in the warning.</p> <p>b- Suspend the license of the real estate office for a period not more than six months in case of recurrence of the breach.</p> <p>c- Cancel the license if the breach is committed more than twice.”</p> <p>As to the concerned commission, it is the commission formed by virtue of article (4) of the said regulation, which stipulates the following:</p> <p>“a- A committee shall be formed within the department, under the chairmanship of the director or who represents him and with the membership of two employees of the department, the grade of each shall not be lower than the second grade, to be appointed by the director.</p> <p>b- The commission shall hold a meeting at the invitation of its chairman once a month at least. The meeting shall be legal in the presence of all the members of the commission which shall take its decisions with the majority of the votes of its present members.”</p> <p>The tasks of the commission were determined in article (5) of the regulation which stipulates that:</p> <p>“Article (5):</p> <p>a- The commission undertakes the following tasks:</p> <p>1- Study the license applications submitted to the department.</p> <p>2- Verify the compliance of the real estate office with the conditions and requirements provided for in this regulation.</p> <p>b- The commission shall submit its recommendations to the director, in order to take the appropriate decision to this effect.”</p> <p>Currently, the unit and the Land and Survey Department are coordinating to determine a mechanism for the follow-up of the application by the licensed real estate offices of the instructions</p>
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			<p>and laws issued in the AML/CFT field.</p> <p>The Department of Lands and Survey has issued a circular to owners of real estate offices, through its website, providing for the necessity of abiding by Regulation no. 53 of 2001 governing real estate offices, and by AML/CFT Instructions of 2011 related to real estate offices, while ensuring that the Department will take the legal proceedings set forth in Article 16 of the Regulation, and will notify the competent authorities in charge of applying Article 15 of the Instructions and Articles 24 and 25 of AML/CFT Law should the interested fail to comply with the Regulation or the Instructions.</p> <p>The Department of Lands and Survey developed as well a draft amended regulation of Real Estate Offices Regulation of 2012, and submitted the same to the Prime Ministry whereas penalties were added in case of breaching any of AML/CFT Instructions provisions.</p> <p>Furthermore, a committee was formed, by virtue of a decision made by the Director of DLS on 19/7/2012, to inspect and follow-up the compliance of real estate offices with the provisions of Real Estate Offices Regulation and AML/CFT Instructions related to real estate offices (here attached).</p> <p>The DLS has also prepared a list of the items that are subject to verification, to ensure the compliance of real estate offices with the Real Estate Offices Regulation and the AML/CFT Instructions, particularly identifying customers, keeping records, and appointing an ML/FT suspicious transactions reporting officer, in addition to training employees through AML/CFT specialized training courses (here attached).</p>
	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • AMLU should continue its efforts to inform DNFBPs on reporting conditions, especially on the need to send reports to AMLU. 	<p>The AML/CFT unit prepared the necessary notification forms for the goldsmithing and sale of jewelry, precious metals and gems' shops and a notification form for the real estate offices, in coordination with the competent regulatory authorities (Ministry of Interior and Ministry of Finance/Land and Survey Department) (enclosed). The unit is currently engaged in the amendment of the two notification forms, in coordination with the regulatory and supervisory authorities so as to comprise the notifications which are suspected to be related to terrorism financing, and in consistency with the provisions of the AML/CFT law and the instructions issued pursuant thereto.</p>

			<p>In 2011, all reporting forms were amended, among which the reporting forms of jewelers and jewelries, and the entities dealing in precious metals and precious stones, and the reporting form of real estate offices, to include the reporting in case of FT suspicion, in conformity with the applicable AML/CFT Law.</p> <p>The unit held a meeting with the syndicate of the goldsmithing and sale of jewelry, precious metals and gems' shops owners in order to demonstrate the importance of compliance with the AML/CFT laws and instructions, in addition to the importance of applying the customers due diligence and the importance of notifying the unit of the transactions suspected to be related to ML/FT.</p> <p>The unit also held a meeting with the syndicate of the real estate offices owners in the presence of the representatives of the Land and Survey Department, in order to increase the awareness on AML/CFT and the importance of notifying the unit of the transactions suspected to be related to ML/FT.</p> <p>In the coming period, the unit will give importance to the designated non-financial businesses and professions sector in order to increase the awareness on AML/CFT, in coordination with the competent regulatory authorities.</p> <p>In this regard, the unit prepared a brochure containing the powers of the unit and the obligations of the entities subject to the provisions of the AML/CFT law, which shall be distributed to all the financial and non-financial entities (enclosed).</p> <p>In 2011, the Unit has distributed around 100 thousand copies of the overview brochure regarding the powers and missions of the Unit, to all financial and non-financial institutions, including all entities that deal in properties, gold and jewelry, in coordination with the competent supervisory authorities controlling such sectors (here attached).</p> <p>The increase of awareness on the risks of money laundering and terrorism financing for the jewelry and real estate sectors was included within the technical assistance array granted by the Kingdom to the MENAFATF.</p> <p>The DLS has held a meeting with a number of real estate offices, in the presence of the Unit, on 16/4/2012, in order to promote the cooperation between the Unit and the real estate</p>
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	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Policies and measures should be implemented to ensure the compliance of DNFBPs with AML/CFT standards and enhance the awareness of employees and provide them with training. Administrative sentences should also be considered for entities that do not comply. 	<p>Training the jewelry and real estate sectors in the AML/CFT field was included within the technical assistance array granted by the Kingdom to the MENAFATF. The array also comprised the training of the regulatory authorities of such two sectors in the AML/CFT field.</p> <p><u>Jewelry sector</u></p> <p>The goldsmithing and sale of jewelry, precious metals and gems' shops are bound to inform their staff of the AML/CFT laws and instructions, whereas paragraph (e) of article (10) of the instructions stipulated that the shop must:</p> <p>“e- Educate the staff about the necessary information about: -</p> <ol style="list-style-type: none"> 1- Anti Money Laundering and Counter Terrorist Financing Law in force, regulations, instructions and decisions issued pursuant to any of them. 2 - Patterns suspected to be related to money laundering and terrorist financing transactions contained in the annexed guidance manual 3 - Notification procedures for transactions that are suspected of being related to money laundering or terrorist financing. 4 - Policies, rules, procedures and internal controls established by the shop to combat money laundering and terrorist financing.” <p>Pursuant to the instructions related to the licensing of goldsmithing and sale of jewelry shops for the year 2009, which are issued by the Ministry of Interior, one commission or more</p>

			<p>in each governorate shall be formed under the chairmanship of one of the administrative governors and with the membership of two delegates from the competent authorities. It shall be entrusted with making inspection visits to licensed shops, pursuant to these instructions, in order to verify their compliance with the provisions of these instructions, including the examination of records and submittal of reports and necessary recommendations to the competent governor.</p> <p>Article (8) of these instructions stipulated the following:</p> <p>“a- One commission or more in each governorate shall be formed under the chairmanship of one of the administrative governors and with the membership of two delegates from the competent authorities.”</p> <p>b- The commission provided for in paragraph (a) of this article shall be entrusted with making inspection visits to licensed shops, by virtue of these instructions, to verify their compliance with the provisions hereof, including the examination of records and submittal of reports and necessary recommendations to the competent governor.”</p> <p>The commission in fact makes inspection visits periodically to goldsmithing and sale of jewelry, precious metals and gems' shops in all the governorates of the Kingdom.</p> <p>Pursuant to Article 8 of jewelers and jewelries license Instructions, committees were formed, headed by an administrative governor from all provinces of the Kingdom, with the membership of delegates from the competent authorities, including the delegates of the Ministry of Industry and Trade and the Companies Control Department, in order to conduct inspection visits to jewelers and jewelries and check compliance thereof with AML/CFT Instructions, in addition to other matters required in the scope of such shops license instructions.</p> <p>Also the Unit has met with the owners of licensed jewelers and jewelries on 6/5/2012, in the presence of the President of Jordanian Jewelers Syndicate, in order to tackle the main aspects of the AML/CFT Law, particularly CDD towards customers and the ML/FT suspicious transactions reporting, also the meeting went through the latest news regarding the AML/CFT regulations in the Kingdom.</p>
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			<p><u>Real estate sector</u></p> <p>Paragraph (e) of article (10) of the AML/CFT instructions pertaining to the licensed real estate offices for the year 2010 stipulated that “the office must carry out the following:</p> <p>e- Educate the staff about the necessary information about: -</p> <p>1- Anti Money Laundering and Counter Terrorist Financing Law in force, regulations, instructions and decisions issued pursuant to any of them.</p> <p>2 - Patterns suspected to be related to money laundering and terrorist financing transactions contained in the annexed guidance manual</p> <p>3 - Notification procedures for transactions that are suspected of being related to money laundering or terrorist financing.</p> <p>4 - Policies, rules, procedures and internal controls established by the office to combat money laundering and terrorist financing.”</p> <p>To this extent, the Land and Survey Department being the regulatory authority of the real estate offices owners, organized a workshop on 21/9/2010 for the real estate offices owners and the members of the syndicate of the real estate offices owners. The workshop comprised an invitation to the AML/CFT unit to introduce the unit and to verify that the real estate offices owners are among the concerned and bound entities, by virtue to the law on the notification of any transaction suspected to be related to money laundering or terrorism financing, according to article (13) of the AML/CFT law and that the real estate trade is among the targeted activities which are exposed to money laundering transactions. The representatives of the unit demonstrated to the real estate offices owners the methods applied and which may arise any doubt which requires to be reported. The AML/CFT instructions pertaining to real estate offices and the guidance manual were also mentioned. The representatives of the unit required the Land and Survey Department to distribute the notification form on the transactions suspected to be related to money laundering among the owners of the real estate offices.</p> <p>The Department of Lands and Survey has issued a circular to</p>
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			<p>owners of real estate offices, through its website, providing for the necessity of abiding by Regulation no. 53 of 2001 governing real estate offices, and by AML/CFT Instructions of 2011 related to real estate offices, while ensuring that the Department will take the legal proceedings set forth in Article 16 of the Regulation, and will notify the competent authorities in charge of applying Article 15 of the Instructions and Articles 24 and 25 of AML/CFT Law, should the interested fail to comply with the Regulation or the Instructions.</p> <p>The Department of Lands and Survey developed as well a draft amended regulation of Real Estate Offices Regulation of 2012, and submitted the same to the Prime Ministry whereas penalties were added in case of breaching any of AML/CFT Instructions provisions.</p> <p>Furthermore, a committee was formed, by virtue of a decision made by the Director of DLS on 19/7/2012, to inspect and follow-up the compliance of real estate offices with the provisions of Real Estate Offices Regulation and AML/CFT Instructions related to real estate offices (here attached).</p> <p>The DLS has also prepared a list of the items that are subject to verification, to ensure the compliance of real estate offices with the Real Estate Offices Regulation and the AML/CFT Instructions, particularly identifying customers, keeping records, and appointing an AML reporting officer, in addition to training employees through AML/CFT specialized training courses (here attached).</p> <p>The DLS has held a meeting with a number of real estate offices, in the presence of the Unit, on 16/4/2012, in order to promote the cooperation between the Unit and the real estate offices, whereas said meeting tackled the latest news about the AML/CFT regulations, and the main articles of the AML/CFT Law and pertinent instructions, particularly in terms of CDD towards customers, and reporting ML/FT suspicious transactions.</p> <p>Also the DLS distributed the brochures prepared by the Unit, on the definition of the ML/FT transactions, to the owners of real estate offices who visit the Department; same was published and circulated to all directorates of registration and directorates of the center, which number is 46.</p>
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	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Sound standards should be adopted by syndicates and associations on how to deal with clients from countries that do not comply with the FATF Recommendations. Countermeasures should be taken in case these countries continue to not comply with these Recommendations. 	<p>By amending the AML/CFT law, all the non-financial entities were included by virtue of article (13) of the said law. The obligations of the non-financial entities were also determined, by virtue of article (14) of the law. And considering the recent listing of these entities as entities subject to the provisions of the law, no AML/CFT instructions pertaining to the concerned sectors were issued.</p> <p><u>Jewelry sector</u></p> <p>The AML/CFT instructions pertaining to goldsmithing and sale of jewelry, precious metals and gems' shops ascertained the importance of exerting due diligence regarding customers who exist in states which do not comply with the international standards and recommendations, whereas paragraph (a) of article (6) of the instructions stipulated that "the shop should exert enhanced due diligence in identifying the customer's identity and his activity in the following transactions:-</p> <p>a- Transactions conducted with persons who exist in countries where suitable systems are not available to combat money laundering or terrorist financing."</p> <p><u>Real estate sector</u></p> <p>The instructions pertaining to the licensed real estate offices treated the issue of the customers who belong to countries which do not comply with the international standards, whereas paragraph (a) of article (6) of the AML/CFT instructions pertaining to the licensed real estate offices stipulated that "the shop should exert enhanced due diligence in identifying the customer's identity and his activity in the following transactions:-</p> <p>a- Transactions conducted with persons who exist in countries where suitable systems are not available to combat money laundering or terrorist financing."</p>
19- Other forms of reporting	<ul style="list-style-type: none"> • No consideration was given to the application of a system obliging FIs to report all cash transactions exceeding a certain limit to a national central agency equipped with a computerized database. 	<ul style="list-style-type: none"> • Consider the application of a system obliging all FIs to report all cash transactions exceeding a certain limit to a national central Committee equipped with an electronic database. 	<p>In application of the Recommendation No. (19) of the international recommendations, the Central Bank of Jordan is preparing a study on the extent of necessity of applying a system which obliges the banks (as a main part of the financial institutions) to advise the Central Bank of Jordan on all the cash transactions exceeding a certain limit and the MENAFATF</p>

			<p>secretariat shall be supplied with the results of the study when the Central Bank of Jordan completes the preparation of such study.</p> <p>A study was prepared concerning the need to implement a system which imposes on the banks (as main part of the financial institutions) to report to the Central Bank all cash transactions which exceed a given threshold, whereas the study concluded that there is no need currently to impose such a system, knowing that the AML/CFT Instructions no. 51/2010 dated 23/11/2010 required the banks to take enhanced due diligence procedures whenever the cash transactions exceed 20,000 Dinars or the equivalent in foreign currencies, with the necessity of keeping pertinent records, and regardless of the decision made in their regard, for a period not less than 5 years, in a way to review the same upon request of the inspectors of the Central Bank of Jordan and to enable the banks to fulfill the request of the Unit and the competent authorities.</p>
20- Other non-financial businesses and professions and modern fund management techniques	<ul style="list-style-type: none"> No consideration has been given to widening the spectrum of NFBP subject to the law. No measures have been taken to encourage the setting of modern and secure techniques for financial transactions that would be less subject to money laundering, except for banks. Weaknesses are noticed based on the lack of provisions on risks imposed by new technologies 	<ul style="list-style-type: none"> Conduct a risk assessment and consider the application of measures to fight ML and TF on NFBPs that might be misused for ML. Moreover, the authorities should take adequate measures to encourage the adoption of modern and secure techniques to conduct financial transactions that would be less likely subject to money laundering. 	<p>Article (13) of the AML/CFT law in force comprises all the entities engaged in combating money laundering and terrorism financing, whether financial and non-financial, according to the international standards and recommendations. The law granted the Council of Ministers the power to add any other entity, whereas the article stipulated the following:</p> <p>The following entities shall comply with the procedures stipulated in this law, regulations, instructions and decisions issued pursuant thereto:-</p> <p>a- Financial entities include:-</p> <ol style="list-style-type: none"> 1- Banks operating in the Kingdom. 2- Exchange companies and money transfer companies.
	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> A registered person should be aware of the risks resulting from the modern technologies. 	<ol style="list-style-type: none"> 3- Persons or companies exercising any of the activities subject to the supervision and licensing of the Securities Commission. 4- Persons or companies exercising any of the activities subject to the supervision and licensing of the Insurance Commission. 5- Entities exercising any of the following financial activities:- <ul style="list-style-type: none"> – Granting all types of credit. – Providing payment and collection services. – Issuing and administrating instruments payments and credit.

		<ul style="list-style-type: none"> – Trading in stock exchange market and capital market instruments for its own account or for the account of its clients. – Purchasing and selling debts with or without the right of recourse. – Financial leasing. – Managing investments and financial assets on behalf of a third party. <p>6- Entities offering postal services in accordance with the legislation in force.</p> <p>b- Non financial entities include:-</p> <ol style="list-style-type: none"> 1- Persons or entities trading in real estate and its development. 2- Persons or entities trading in precious metals and stones. 3- Persons or entities that, on behalf of third party, perform any of the following business transactions:- <ul style="list-style-type: none"> – Sale and purchase real estates. – Management of funds or any other financial assets. – Management of bank accounts, postal saving accounts or investments accounts in local and international financial markets. – Legal procedures necessary for establishing or managing any legal person, purchasing or selling commercial stores. – Organization of contributions related to the establishing or managing companies. <p>c- Entities or professions to which the Council of Ministers decides to apply the provisions of this law upon the recommendation of the National Committee.</p> <p>Regarding the use of new and safe methods in financial transactions which are less exposed to money laundering, item (5/second) of paragraph (a) of article (14) of the AML/CFT law stipulated the following: “5- Paying special attention to the high risk customers' categories, business relationships or transactions and set the relevant measures including:-</p> <p>Second: Policies and measures for preventing the exploitation of new technologies in money laundering and terrorist financing.”</p>
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21- Special attention to countries posing the greatest risks	<ul style="list-style-type: none"> • Failure to issue the AML instructions applied to the insurance activity based on the AML law in order to be able to impose sanctions on companies violating the instructions. • Instructions do not include obligations related to dealing with persons from countries or residing in countries that do not apply the FATF Recommendations or insufficiently apply them. • Inexistence of efficient procedures that require the communication to financial institutions of concerns related to weaknesses in the AML/CFT systems in other countries. • Failure to require exchange companies to examine transactions with no apparent economic or legal purpose issued from countries that do not apply the FATF Recommendations or insufficiently apply them. • Failure to address obligations pertaining to Recommendation 21 for the financial services companies. • Absence of appropriate counter measures in the event where a country persists in not applying or insufficiently applying FATF recommendations. • The actual compliance, control and supervision. 	<ul style="list-style-type: none"> • Issue the AML instructions related to insurance activities pursuant to the AML law to be able to impose sentences on companies violating the instructions. 	<p>The AML/CFT instructions No. 6 for the year 2010 “AML/CFT instructions pertaining to insurance activities and amendments thereof” were issued according to the provisions of paragraph (k) of article (23) of the insurance business law No. (33) for the year 1999 and the provisions of item (4) of paragraph (a) of article (14) of the AML/CFT law in force (enclosed).</p> <p>The AML/CFT law in force provided for sanctions in case of non-compliance with the AML/CFT laws, regulations, instructions and decisions, whereas article (30) stipulated that: “Any violation to any of the provisions of this law, regulations, instructions and decisions issued by virtue thereof for which a penalty is not specified in the law, the offender shall be fined with not less than one thousand Dinars and not more than ten thousand Dinars. The fine shall be doubled in the event of recurrence; where the violation is repeated for more than twice, the fine shall be doubled up to the maximum limit”.</p>
	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Require FIs to apply specific measures related to dealing with persons belonging to countries that do not, or do not sufficiently, apply the FATF Recommendations. 	<p><u>As to requiring the financial institutions to apply specific measures related to dealing with persons belonging to countries that do not, or do not sufficiently, apply the FATF Recommendations</u></p> <p><u>Banking sector</u></p> <p>“Article 5: Cases that require special attention in addition to customer due diligence requirements stated in article (3) herein:</p>

			<p>First: High risk customers with regard to money laundering and terrorist financing transactions:-</p> <p>1- The bank shall classify all its customers according to the degree of risk related to money laundering and terrorist financing, taking the following into consideration:</p> <p>a- Consistency of the customer's banking transactions with the nature of his business activity.</p> <p>b- The degree of divergence and interrelation between the opened accounts and level of activity thereof.</p> <p>2- The bank shall set the necessary procedures to deal with the risks mentioned in paragraph (1) above, commensurate with those grades, this classification of customers shall be reviewed according to the degree of risk periodically, or in the event of changes that require such.</p> <p>3- Customers that are considered high risk customers are: the politically exposed persons, non-resident customers, private banking customers and customers who belong or are in countries that do not apply or insufficiently apply the FATF Recommendations.</p> <p>4- The bank shall take the following procedures regarding the customer categories mentioned in item (3) above:</p> <p>a- The bank shall set appropriate risk management system to determine whether a potential customer, a customer or the beneficiary owner is one of said categories.</p> <p>b- The approval of the bank's general manager, regional manager, or the person authorized thereby shall be obtained when commencing a relation with these customers. Such approval shall also be obtained when a customer or a beneficiary owner is discovered to be under any of such categories.</p> <p>c- The bank shall take adequate procedures to verify the sources of the wealth of customers and beneficiary owners who fall under such categories.</p> <p>d- The bank shall accurately and continuously monitor the transactions with such customers and give special attention to business relationships and transactions that occur with any of</p>
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			<p>them.</p> <p>e- The bank shall exert the necessary procedures to identify the surrounding circumstances of such business relationships and transactions and purposes thereof, if the bank finds that any of them has no clear economic justifications, and the bank shall include the results thereof in its records.”</p> <p><u>Exchange sector</u></p> <p>The AML/CFT instructions pertaining to exchange companies determined the procedures to be taken by the moneychanger in case of dealing with persons who do not sufficiently apply the FATF Recommendations, whereas article (4) of these instructions stipulated that “the moneychanger should carefully identify the customer and its activity by performing the necessary analysis and studies to verify the financial resources in addition to any other measures needed to verify the nature of the transaction, in addition to the requirements of due diligence stated in article no. (3) of these instructions, in the following cases:</p> <p>a- Exchange transactions with persons who belong to or who are in countries that do not have appropriate anti money laundering and counter terrorism financing systems.</p> <p>b- Exchange transactions carried out with politically exposed persons who occupy or occupied prominent public functions in a foreign country, such as a president of a country, head of government, politician, judge, military officer, or who occupy or occupied a high standard governmental position or he was a prominent politician or a prominent personality in a political party, or a chief executive officer in public-owned companies, including, the relatives of such persons comprising first degree relatives at least and their partners; provided that due diligence procedures include the provision of an appropriate system to manage the risks and to verify the sources of their wealth and the beneficiary owner and that the business relationship with this category is established with the knowledge of the senior management of the moneychanger and with its approval thereupon.</p> <p>c- Major or unusually complex transactions or any transaction</p>
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			<p>the moneychanger deems as a high-risk transaction with respect to money laundering and counter terrorism financing operations.</p> <p>d- Exchange transactions with no apparent economic or legal purpose, or originated by states that do not apply the recommendations of the Financial Action Task Force (FATF) or inadequately apply the same.</p> <p>e- Exchange transactions with non – resident customers or indirect dealing with costumers and which are not carried out face to face, especially the dealing by means of modern technology, such as the internet, or through of electronic payment means. In such case, the moneychanger should lay down the necessary policies and procedures to avoid the risks associated to the abuse of indirect dealing with customers and apply the same sufficiently.”</p> <p><u>Securities sector</u></p> <p>Item (2) of paragraph (a) of article (9) of the AML/CFT instructions pertaining to securities activities stipulated the following: “Subject Parties shall take special care to know the identity and activities of the Customer with regard to the following:</p> <p>2. Operations that take place with persons who live in or who are citizens of countries that do not have adequate systems to counter money laundering or terrorist financing, or if these countries do not apply international controls related to anti money laundering or terrorist financing adequately, which include special recommendations issued by the Financial Action Task Force.”</p> <p><u>Insurance sector</u></p> <p>Item (2) of paragraph (a) of article (9) of the AML/CFT instructions No. (6) for the year 2010 “Instructions of Anti Money Laundering and Counter Terrorist Financing in Insurance Activities and their amendments” clarified the cases where the company shall carry out the due diligence measures to identify the identity and the activity of the customer, with</p>
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			<p>regard to the following:</p> <p>“2- Insurance transactions with persons residing in or coming from countries which do not have appropriate anti money laundering and financing of terrorism systems or which do not apply the international standards related to anti money laundering and financing terrorism, or which do not sufficiently apply them, including the FATF recommendations.”</p> <p>The Insurance Commission has adopted a guide, to be used by insurance companies in order to detect ML/FT cases in the insurance activities (here attached). The guide provides the need to adopt a system for the classification of customers’ risks, provided that the same shall include at least:-</p> <ul style="list-style-type: none"> a- Risks related to insurance products and services. b- Risks related to customers, relevant dealings and activities practiced. c- Risks related to geographic areas, whether the regions where the customer resides or practices most of his/its transactions, or his nationality country. <p><u>Financial leasing sector</u></p> <p>Paragraph (a) of article (6) of the AML/CFT instructions pertaining to companies which exercise the financial leasing activity stipulated the following:</p> <p>“The company should exert enhanced due diligence in identifying the customer's identity and his activity in the following transactions:-</p> <ul style="list-style-type: none"> a- Transactions conducted with persons who exist in countries where suitable systems are not available to combat money laundering or terrorist financing.” <p><u>Sector of Financial Activities:</u></p> <p>Paragraph (a) of Article 6 of AML/CFT Instructions issued to entities that deal in financial activities stipulates the cases requiring due diligence procedures, whenever same exist, including:-</p> <ul style="list-style-type: none"> a- The transactions that are made with persons who are in or from countries that do not apply or insufficiently apply FATF
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			<p>recommendations.</p> <p><u>Sector of Postal Services:</u> Paragraph (a) of Article 6 of AML/CFT Instructions no. 1 of 2012 issued to entities that deal in postal services stipulates the cases requiring due diligence procedures for identification of the customer and relevant activity, including:- “a- The transactions that are made with persons who are in or from countries that do not apply or insufficiently apply FATF recommendations”.</p> <p>The financial sector’s supervisory and regulatory authorities (Central Bank of Jordan, Securities Commission, Insurance Commission) make sure, during the inspection visits they conduct to all financial institutions they control, of the compliance of these FIs with the AML/CFT instructions in all respects, while checking the transactions made between such FIs and persons who are from countries that do not apply or insufficiently apply FATF recommendations, and whether such FIs apply special policies or procedures when dealing with this category of customers, and if the transactions made by such customers are followed up on an ongoing basis.</p>
		<ul style="list-style-type: none"> • Finding efficient applied measures that ensure communicating to FIs concerns related to weaknesses in the AML/CFT systems in other countries. 	<p>As to finding efficient applied measures that ensure communicating to financial institutions concerns related to weaknesses in the AML/CFT systems in other countries, in addition to the replies of all the controlling and supervisory authorities engaged in the AML/CFT field to Recommendation (11), paragraph (b) of article (14) of the AML/CFT law in force stipulated the following: “b- External branches of the entities mentioned in article (13) of this law and its affiliates outside the Kingdom shall comply with the provisions of this article except for Item (3) of paragraph (a) thereof.”</p> <p><u>Banking sector</u> The AML/CFT instructions No. (51/2010) dated 23/11/2020 determined the scope of application of the instructions which comprises the branches of the Jordanian banks which operate abroad and the affiliates of the Jordanian banks outside the Kingdom, to the extent permitted by the laws and regulations in</p>

			<p>effect in the states where they operate, subject to the application of higher standards, whereas paragraphs (second) and (third) of article (2) of the instructions stipulated that:</p> <p>“Second: Branches of Jordanian banks operating abroad to the extent permitted by laws and regulations in force in these countries, taking into consideration the implementation of the higher standards wherever anti money laundering and counter terrorist financing requirements of home and host countries are different. The Central Bank of Jordan shall be notified of any restrictions or constrains that may limit or prevent the implementation of these instructions.</p> <p>Third: Companies that are subsidiaries to Jordanian banks operating in the Kingdom unless such companies are subject to another supervisory entity in the Kingdom- and such entity issues instructions specific to Anti Money Laundering and Counter Terrorist Financing - and companies that are subsidiaries to Jordanian banks and are operating abroad to the extent permitted by the laws and regulations in force in these countries. Taking into consideration the implementation of the higher standards wherever anti money laundering and counter terrorist financing requirements of home country and host country are different. The Central Bank shall be notified of any restrictions or constrains that may prevent or limit the implementation of these instructions.”</p> <p>Paragraph (second) of article (5) of the said instructions, related to the special care which must be given when dealing with external banks, stipulated the following:</p> <p>“Cases that require special attention in addition to customer due diligence requirements stated in article (3) herein:</p> <p>Second: Dealing with external Banks</p> <p>1- The bank shall apply the customers due diligence requirements in relation to customers stated in article (3) when commencing a relation with an external bank.</p> <p>2- The bank shall verify the nature of the external bank’s business activity and reputation thereof in the field of anti money laundering and counter terrorist financing transactions.</p> <p>3- The approval of the bank’s general manager or regional manager upon the commencement of a relation with an external</p>
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			<p>bank shall be obtained.</p> <p>4- The bank shall ensure that the external bank is subject to an effective supervision by a supervisory authority in the bank's home country.</p> <p>5- The bank shall verify that the external banks has anti-money laundering and counter terrorist financing systems.</p> <p>6- The bank shall ensure that the external bank has exerted due diligence regarding its customers who have authority to use (payable-through accounts)* and that the external bank is able to provide information related to such customers and transactions made to such accounts when needed."</p> <p>Moreover, the parties existing abroad and dealing with the Jordanian banks fall under the non-residents category, which was taken into consideration in article (5), item (first/3) of the same instructions and which requires special attention in addition to customer due diligence requirements which stated "the cases that require special attention in addition to customer due diligence requirements stated in article (3) herein:</p> <p>First: High risk customers with regard to money laundering and terrorist financing transactions:-</p> <p>3- Customers that are considered high risk customers: politically exposed persons, non-resident customers, private banking customers and customers who belong or are in countries that do not apply or insufficiently apply the FATF Recommendations."</p> <p>Article (11), item (second/2) of the instructions compelled each bank to inform its employees of the patterns suspected to be related to money laundering and terrorist financing transactions and stipulated the following:</p> <p>"Third: The bank shall inform the staff of the necessary information about: -</p> <p>3 - Patterns suspected to be related to money laundering and terrorist financing transactions contained in the annexed guidance manual, and use it as a tool to educate the staff."</p> <p>Furthermore, the Central Bank of Jordan issued the AML/CFT instructions guide which sets out the indicators through which the banks can discover a transaction suspected to be linked to</p>
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			<p>money laundering or terrorism financing (enclosed).</p> <p><u>Exchange sector</u></p> <p>Article (2) of the AML/CFT instructions related to exchange companies determined the scope of application of the instructions, whereas it stipulated that “the provisions of these instructions shall apply to moneychangers and branches thereof licensed by the Central Bank of Jordan.”</p> <p>Paragraph (e) of article (4) of the said instructions also referred to the exertion of special attention related to non-resident customers, whereas it stipulated that “the moneychanger should carefully identify the customer and its activity by performing the necessary analysis and studies to verify the financial resources in addition to any other measures needed to verify the nature of the transaction, in addition to the requirements of due diligence stated in article (3) of these instructions, in the following cases:</p> <p>e- Exchange transactions with non – resident customers or indirect dealing with customers and which are not carried out face to face, especially the dealing by means of modern technology, such as the internet, or through electronic payment means. In such case, the moneychanger should lay down the necessary policies and procedures to avoid the risks associated to the abuse of indirect dealing with customers and apply the same sufficiently.”</p> <p>The AML/CFT instructions pertaining to exchange companies determined the procedures to be taken by the moneychanger in case of dealing with foreign institutions, whereas paragraph (j) of article (6) of these instructions stipulated the following:</p> <p>“j- In case the moneychanger deals with foreign financial institutions, the following should be performed:</p> <ol style="list-style-type: none"> 1- Obtain the senior management’s approval for establishing business relationships with such institutions. 2- Ensure that adequate regulations and controls issued by regulatory authorities dealing with anti money laundering and counter terrorism financing are in place to govern the work of foreign financial institutions intended to be dealt with, and whether any action had ever been taken against them.
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			<p>3- Ensure that the foreign financial institution intended to be dealt with has adequate regulations and controls pertaining to anti money laundering and counter terrorism financing.”</p> <p>Item (2) of paragraph (f) of article (6) stipulated that “the moneychanger shall acquaint its employees with the following:</p> <p>2- The guidelines of identifying suspicious patterns of anti money laundering and counter terrorism financing transactions.”</p> <p>The Central Bank of Jordan also issued the AML/CFT instructions guide (enclosed) which comprised the definition of the stages of ML/TF transactions, the indicators of the existence of transactions suspected to be linked to ML/TF, through the activities conducted by the moneychanger and related to the cash operations, international exchange and financial transfers and transactions, especially the execution of exchange transactions associated to exchange units or external exchange units (offshore), the e-exchange services, the shipping operations, and the behaviors of the moneychanger employee and the customer, in addition to the use of all the possible means to follow-up the suspected operations and deals, through regulatory reports, lists of non-cooperating countries, lists of persons and entities prosecuted internationally and follow-up of the world developments in this field.</p> <p><u>Securities sector</u></p> <p>Article (2) of the AML/CFT instructions related to securities activities determined the scope of application of the instructions, whereas it stipulated the following:</p> <p>“The scope of application: the provisions of these instructions shall apply to:</p> <p>A. Financial services companies licensed by the Commission, and its branches</p> <p>B. The custodian unless it is subject to the supervision of another supervisory authority within the Kingdom.</p> <p>C. Mutual investment companies and mutual investment funds registered with the Commission, all collectively referred to as “parties that are subject to the provisions of these instructions”.</p>
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			<p>Items (2) and (5) of article (9) of the said instructions also stipulated the following: “ The subject parties shall take special care to know the identity and activities of the customer with regard to the following:-</p> <p>2- Operations that take place with persons who live in or who are citizens of countries that do not have adequate systems to counter money laundering or terrorist financing, or if these countries do not apply international controls related to anti money laundering or terrorist financing or if they do not apply them adequately, which include the recommendations issued by the Financial Action Task Force.</p> <p>5- Transactions that are conducted through non-resident Customers.”</p> <p>Item (2) of article (19) of the instructions stipulated that “Subject Parties shall acquaint their employees with the guidelines for identifying patterns suspected to fall within money laundering and terrorist financing operations.”</p> <p>The securities commission has an AML/CFT guidance manual pertaining to the securities activities (enclosed) which sets out indicators which arise suspicions of money laundering and terrorism financing, knowing that the manual was recently updated during January 2011, to comprise the terrorism financing and new cases which are suspected of money laundering and/or terrorism financing.</p> <p><u>Insurance sector</u></p> <p>AML/CFT instructions No. (6) for the year 2010 pertaining to insurance activities shall apply to the branches of companies and their subsidiaries operating abroad, whereas article (17) of the instructions stipulated that:</p> <p>“A- The company shall ensure that its branches or subsidiaries operating outside the Kingdom apply the provisions of these Instructions and Decisions issued by virtue thereof, especially in countries that do not apply the international standards for combating money laundering and financing of terrorism, or do not sufficiently apply them, including the FATF recommendations, where in this case the higher standards shall be applied, to the extent allowed by the legislations in force in such countries.</p>
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			<p>B- If the legislations in force in the countries where the company's branches and subsidiaries engaged in the insurance business outside the kingdom prohibit the implementation of the provisions of these Instructions and Decisions issued by virtue thereof, the company shall notify the Commission that it cannot implement the provisions of these Instructions or Decisions issued by virtue thereof, and the Commission in this case shall take what it deems appropriate.</p> <p>C- Notwithstanding what is stated in paragraph (a) of this article, the provision of paragraph (b) of article (13) of these Instructions shall not be applied on the branches of the company or its subsidiaries operating outside the Kingdom.”</p> <p>Paragraph (a) of article (9) of the said instructions set out the cases where the company must exert due diligence for identifying the customer and his activity, related to the following:</p> <p>1- Large insurance transactions and which have no apparent economic or visible lawful purpose; the company shall set the necessary procedures to examine the background of the surrounding circumstances of such transactions and their purposes, and shall keep the result of such examination in its records.</p> <p>2- Insurance transactions with persons residing in or coming from countries which do not have appropriate anti money laundering and financing of terrorism systems or which do not apply the international standards related to anti money laundering and financing terrorism, or do not sufficiently apply them, including the FATF recommendations.</p> <p>3- Any transaction the company deems at its own discretion that it represents a high level of money laundering and financing of terrorism risks.</p> <p>4- Dealing with politically exposed persons.”</p> <p>Paragraph (g) of article (15) of the said instructions stipulated that “the company shall establish proper internal system which includes internal policies, principles, procedures, and controls to prevent money laundering and financing of terrorism, this system shall include the following:-</p> <p>G- Implementing ongoing training plans and programs for employees that the nature of their works require dealing with</p>
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			<p>insurance transactions that can be used in money laundering and financing of terrorism, provided that such training programs shall include money laundering and financing of terrorism methods, the manner in which it is discovered and reported, the manner of dealing with the suspected customers in accordance with the legislation related to anti money laundering and financing of terrorism.”</p> <p>The insurance commission prepared an instructions guide to which the insurance companies refer for discovering ML/FT operations in insurance activities, which is expected to be published in the next months, in implementation of the provisions of paragraph (e) of article (15) and pursuant to the provisions of article (21) of the AML/CFT instructions No. 6 for the year 2010 and their amendments. The guide comprises the necessary adoption of a system for the classification of the risks represented by the customers, provided that it contains at the least the following:</p> <ul style="list-style-type: none"> a- Risks related to insurance services and products b- Risks related to customers, their dealings and activities they practice c- Risks related to geographical areas, whether areas where the customer resides or practices the majority of his transactions or the country of which he holds the nationality. <p>In 2011, the aforementioned guide was issued to the sector of insurance companies by the Insurance Commission, in order to help the insurance companies classify the customers' risks (here attached).</p> <p><u>Financial leasing sector</u></p> <p>Paragraph (b) of article (2) of the AML/CFT instructions pertaining to financial leasing companies determined the scope of application of the instructions, whereas it stipulated that “ the provisions of these instructions shall apply to the following:</p> <ul style="list-style-type: none"> b- External branches and subsidiary companies operating outside the Kingdom referred to in paragraph (a) of this article, to the extent permitted by laws and regulations in force in these countries, taking into consideration the implementation of the higher standards wherever anti money laundering and counter terrorist financing requirements of home and host countries are
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			<p>different. The Companies Control Department shall be notified of any restrictions or constraints that may prevent or limit the implementation of these instructions.”</p> <p>Paragraphs (a/e) of article (6) of the said instructions stated that “the company should exert enhanced due diligence in identifying the customer's identity and his activity in the following transactions:</p> <p>a- Transactions conducted with persons who exist in countries where suitable systems are not available to combat money laundering or terrorist financing.</p> <p>e. The transactions which are conducted through non-resident customers.”</p> <p>Item (2) of paragraph (e) of article (10) of the said instructions stated that: “the financial leasing company shall inform the staff of the necessary information about: -</p> <p>2 - Patterns suspected to be related to money laundering and terrorist financing transactions.”</p> <p>The unit will soon coordinate with the commercial register directorate at the Ministry of Industry and Commerce to create a guidelines manual for the financial leasing sector, regarding the indicators which fall within the ML/FT operations and it will circulate it among companies which are engaged in the financial leasing activity, knowing that the unit has furnished the regulatory authorities which supervise the companies engaged in the financial leasing activity with the project of ML/FT operations indicators and trends issued by the MENAFATF in order to circulate it among the companies operating in the sector.</p> <p>The Ministry of Industry and Trade / Companies Control Department has finalized the AML/CFT guide for finance lease companies (here attached), and circulated the same to such companies by virtue of the Companies General Controller’s letter no. (1/5/32/20254) dated 23/4/2012 (here attached), whereas the aforementioned guide sets forth the techniques of transactions that are suspected of being related to ML/FT, and the ML stages with the techniques used to conceal the FT sources.</p> <p><u>Sector of Financial Activities:</u></p>
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			<p>AML/CFT Instructions no. 3 of 2011 issued to entities that deal in financial activities shall apply to branches abroad and affiliates of such companies, whereas Paragraph (b), Article 3 of the Instructions stipulated:</p> <p>“The provisions of the present Instructions shall apply to:-</p> <p>a- The branches abroad and the affiliates of the entities referred to in Paragraph (a) hereof which are established outside the Kingdom, to the extent permitted by applicable laws and regulations in the state where they exist, subject to the application of stricter standards in case of difference between the AML/CFT requirements in the hosting country and those in the mother country; and the competent authorities shall be informed of any obstacles or restrictions that may limit or prevent the application of the aforementioned instructions”.</p> <p>Furthermore, Paragraphs (a) and (f) of Article 6 of the aforementioned Instructions read: “The entities shall apply due diligence measures for identification of the customer and relevant activity, in the following transactions:-</p> <p>a- The transactions that are made with persons who are in or from countries that do not apply or insufficiently apply FATF recommendations.</p> <p>f- The transactions made through non-resident customers”.</p> <p>The Unit, in cooperation with the Companies Control Department, has prepared a guide which makes such entities familiar with the ML/FT stages, and the main indicators inferring the existence of ML/FT suspicious transactions (here attached); same was circulated to the entities in question by virtue of the Companies General Controller’ letter no. (CC/1/5/26/13008) dated 21/3/2012 (here attached).</p> <p><u>Sector of Postal Services:</u></p> <p>Paragraphs (a) and (f) of Article 7 of AML/CFT Instructions no. 1 of 2012 issued to entities that deal in postal services</p>
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			<p>stipulate the cases requiring CDD for identification of the customer and relevant activity, including:-</p> <p>“a- The transactions that are made with persons who are from or in countries that do not apply or insufficiently apply FATF recommendations.</p> <p>f- The transactions made through non-resident customers”.</p> <p>The TRC, in cooperation with the Unit, has issued a guide which makes such entities familiar with the ML/FT stages, and the main indicators inferring the existence of ML/FT suspicious transactions (here attached).</p>
		<ul style="list-style-type: none"> Require exchange companies to examine the transactions with no apparent economic or legal purpose from countries that do not sufficiently apply the FATF Recommendations. 	<p>Paragraph (d) of article (4) of the AML/CFT instructions pertaining to exchange companies stipulated that “Moneychanger should carefully identify the customer and its activity by performing the necessary analysis and studies to verify the financial resources in addition to any other measures needed to verify the nature of the transaction, in addition to the requirements of due diligence stated in article no. (3) of these instructions, in the following cases:-</p> <p>d- Exchange transactions with no apparent economic or legal purpose, or originated by states that do not apply the recommendations of the Financial Action Task Force (FATF) or inadequately apply the same.”</p>
		<ul style="list-style-type: none"> Require financial services companies to comply with comprehensive obligations related to dealing with customers residing in countries that do not, or do not sufficiently comply with the FATF Recommendations. 	<p>Item (2) of paragraph (a) of article (9) of the AML/CFT instructions pertaining to securities activities stipulated the following: “Subject Parties shall take special care to know the identity and activities of the Customer with regard to the following:</p> <p>2. Operations that take place with persons who live in or who are citizens of countries that do not have adequate systems to counter money laundering or terrorist financing, or if these countries do not apply international controls related to anti money laundering or terrorist financing or which do not apply them adequately, which include special recommendations issued by the Financial Action Task Force.”</p>
		<ul style="list-style-type: none"> Develop and diversify appropriate measures to be taken in case a country continues in its non-application or insufficient application of the FATF 	<p>As to developing and diversifying the counteractive measures in case a country continues in its non-application or insufficient application of the FATF Recommendations, paragraph (b) of article (14) of the AML/CFT law in force stipulated that “b-</p>

		Recommendations.	<p>External branches of the entities mentioned in article (13) of this law and its affiliates outside the Kingdom shall comply with the provisions of this article except for item (3) of paragraph (a) thereof.”</p> <p><u>Banking sector</u></p> <p>The AML/CFT instructions No. (51/2010) dated 23/11/2020 determined the scope of application of the instructions which comprises the branches of the Jordanian banks which operate abroad and the affiliates of the Jordanian banks outside the Kingdom, to the extent permitted by the laws and regulations in effect in the states where they operate, subject to the application of higher standards, whereas paragraphs (second) and (third) of article (2) of the instructions stipulated that:</p> <p>“Second: Branches of Jordanian banks operating abroad to the extent permitted by laws and regulations in force in these countries, taking into consideration the implementation of the higher standards wherever anti money laundering and counter terrorist financing requirements of home and host countries are different. The Central Bank of Jordan shall be notified of any restrictions or constrains that may limit or prevent the implementation of these instructions.</p> <p>Third: Companies that are subsidiaries to Jordanian banks operating in the Kingdom unless such companies are subject to another supervisory entity in the Kingdom- and such entity issues instructions specific to Anti Money Laundering and Counter Terrorist Financing - and companies that are subsidiaries to Jordanian banks and are operating abroad to the extent permitted by the laws and regulations in force in these countries. Taking into consideration the implementation of the higher standards wherever anti money laundering and counter terrorist financing requirements of home country and host country are different. The Central Bank shall be notified of any restrictions or constrains that may prevent or limit the implementation of these instructions.”</p> <p>Paragraph (second) of article (5) of the said instructions, related to the special care which must be given when dealing with external banks, stipulated the following:</p> <p>“Cases that require special attention in addition to customer due</p>
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			<p>diligence requirements stated in article (3) herein:</p> <p>Second: Dealing with external Banks</p> <p>1- The bank shall apply the customers due diligence requirements in relation to customers stated in article (3) when commencing a relation with an external bank.</p> <p>2- The bank shall verify the nature of the external bank's business activity and reputation thereof in the field of anti money laundering and counter terrorist financing transactions.</p> <p>3- The approval of the bank's general manager or regional manager upon the commencement of a relation with an external bank shall be obtained.</p> <p>4- The bank shall ensure that the external bank is subject to an effective supervision by a supervisory authority in the bank's home country.</p> <p>5- The bank shall verify that the external banks has anti-money laundering and counter terrorist financing systems.</p> <p>6- The bank shall ensure that the external bank has exerted due diligence regarding its customers who have authority to use (payable-through accounts)* and that the external bank is able to provide information related to such customers and transactions made to such accounts when needed."</p> <p>Moreover, the parties existing abroad and dealing with the Jordanian banks fall under the non-residents category, which was taken into consideration in article (5), item (first/3) of the same instructions that they require special attention in addition to the due diligence requirements which stipulated the "events which require special attention, in addition to due diligence requirements stated in article (3) of such instructions:</p> <p>First: High risk customers with regard to money laundering and terrorist financing transactions:-</p> <p>3- Customers that are considered high risk customers: politically exposed persons, non-resident customers, private banking customers and customers who belong or are in countries that do not apply or insufficiently apply the FATF Recommendations."</p> <p><u>Exchange sector</u></p>
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			<p>Article (2) of the AML/CFT instructions related to exchange companies determined the scope of application of the instructions, whereas it stipulated that “the provisions of these instructions shall apply to moneychangers and branches thereof licensed by the Central Bank of Jordan.”</p> <p>Paragraph (e) of article (4) of the said instructions also referred to the exertion of special attention related to non-resident customers, whereas it stipulated that “the moneychanger should carefully identify the customer and its activity by performing the necessary analysis and studies to verify the financial resources in addition to any other measures needed to verify the nature of the transaction, in addition to the requirements of due diligence stated in article (3) of these instructions, in the following cases:</p> <p>e- Exchange transactions with non – resident customers or indirect dealing with customers and which are not carried out face to face, especially the dealing by means of modern technology, such as the internet, or through electronic payment means. In such case, the moneychanger should lay down the necessary policies and procedures to avoid the risks associated to the abuse of indirect dealing with customers and apply the same sufficiently.”</p> <p>The AML/CFT instructions pertaining to exchange companies determined the procedures to be taken by the moneychanger in case of dealing with foreign institutions, whereas paragraph (j) of article (6) of these instructions stipulated the following:</p> <p>“j- In case the moneychanger deals with foreign financial institutions, the following should be performed:</p> <ol style="list-style-type: none"> 1- Obtain the senior management’s approval for establishing business relationships with such institutions. 2- Ensure that adequate regulations and controls issued by regulatory authorities dealing with anti money laundering and counter terrorism financing are in place to govern the work of foreign financial institutions intended to be dealt with, and whether any action had ever been taken against them. 3- Ensure that the foreign financial institution intended to be dealt with has adequate regulations and controls pertaining to anti money laundering and counter terrorism financing.”
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			<p>The AML/CFT instructions pertaining to exchange companies determined the procedures to be taken by the moneychanger in case of dealing with persons who do not sufficiently apply the FATF Recommendations, whereas article (4) of these instructions stipulated that “the moneychanger should carefully identify the customer and its activity by performing the necessary analysis and studies to verify the financial resources in addition to any other measures needed to verify the nature of the transaction, in addition to the requirements of due diligence stated in article no. (3) of these instructions, in the following cases:</p> <p>a- Exchange transactions with persons who belong to or who are in countries that do not have appropriate anti money laundering and counter terrorism financing systems.</p> <p>b- Exchange transactions carried out with politically exposed persons who occupy or occupied prominent public functions in a foreign country, such as a president of a country, head of government, politician, judge, military officer, or who occupy or occupied a high standard governmental position or he was a prominent politician or a prominent personality in a political party, or a chief executive officer in public-owned companies, including, the relatives of such persons comprising first degree relatives at least and their partners; provided that due diligence procedures include the provision of an appropriate system to manage the risks and to verify the sources of their wealth and the beneficiary owner and that the business relationship with this category is established with the knowledge of the senior management of the moneychanger and with its approval thereupon.</p> <p>c- Major or unusually complex transactions or any transaction the moneychanger deems as a high-risk transaction with respect to money laundering and counter terrorism financing operations.</p> <p>d- Exchange transactions with no apparent economic or legal purpose, or originated by states that do not apply the recommendations of the Financial Action Task Force (FATF) or inadequately apply the same.</p> <p>e- Exchange transactions with non – resident customers or</p>
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			<p>indirect dealing with costumers and which are not carried out face to face, especially the dealing by means of modern technology, such as the internet, or through of electronic payment means. In such case, the moneychanger should lay down the necessary policies and procedures to avoid the risks associated to the abuse of indirect dealing with customers and apply the same sufficiently.”</p> <p><u>Securities sector</u></p> <p>Article (2) of the AML/CFT instructions pertaining to securities activities determined the scope of application of the instructions, whereas it stipulated the following: “scope of application”- the provisions of these instructions shall apply to the following:</p> <p>A. Financial services companies licensed by the Commission, and its branches</p> <p>B. The custodian unless it is subject to the supervision of another supervisory authority within the Kingdom.</p> <p>C. Mutual investment companies and mutual investment funds registered with the Commission; all collectively referred to as “Subject Parties to the provisions of these Instructions”.</p> <p>Items (2) and (5) of article (9) of the said instructions also stipulated the following: “The subject parties shall take special care to know the identity and activities of the customer with regard to the following:-</p> <p>2- Operations that take place with persons who live in or who are citizens of countries that do not have adequate systems to counter money laundering or terrorist financing, or if these countries do not apply international controls related to anti money laundering or terrorist financing or if they do not apply them adequately, which include the recommendations issued by the Financial Action Task Force.</p> <p>5- Transactions that are conducted through non-resident Customers.”</p> <p><u>Insurance sector</u></p> <p>AML/CFT instructions No. (6) for the year 2010 pertaining to</p>
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			<p>insurance activities shall apply to the branches of companies and their subsidiaries operating abroad, whereas article (17) of the instructions stipulated that:</p> <p>“A- The company shall ensure that its branches or subsidiaries operating outside the Kingdom apply the provisions of these Instructions and Decisions issued by virtue thereof, especially in countries that do not apply the international standards for combating money laundering and financing of terrorism, or do not sufficiently apply them, including the FATF recommendations, where in this case the higher norms shall be applied, to the extent allowed by the legislations in force in such countries.</p> <p>B- If the legislations in force in the countries where the company’s branches and subsidiaries engaged in the insurance business outside the kingdom prohibit the implementation of the provisions of these Instructions and Decisions issued by virtue thereof, the company shall notify the Commission that it cannot implement the provisions of these Instructions or Decisions issued by virtue thereof, and the Commission in this case shall take what it deems appropriate.</p> <p>C- Notwithstanding what is stated in paragraph (a) of this article, the provision of paragraph (b) of article (13) of these Instructions shall not be applied on the branches of the company or its subsidiaries operating outside the Kingdom.”</p> <p>Paragraph (a) of article (9) of the said instructions set out the cases where the company must exert due diligence for identifying the customer and his activity, related to the following:</p> <p>1- Large insurance transactions and which have no apparent economic or visible lawful purpose; the company shall set the necessary procedures to examine the background of the surrounding circumstances of such transactions and their purposes, and shall keep the result of such examination in its records.</p> <p>2- Insurance transactions with persons residing in or coming from countries which do not have appropriate anti money laundering and financing of terrorism systems or which do not apply the international standards related to anti money laundering and financing terrorism, or do not sufficiently apply</p>
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			<p>them, including the FATF recommendations.</p> <p>3- Any transaction the company deems at its own discretion that it represents a high level of money laundering and financing of terrorism risks.</p> <p>4- Dealing with politically exposed persons.”</p> <p><u>Financial leasing sector</u></p> <p>Paragraph (b) of article (3) of the AML/CFT instructions pertaining to financial leasing companies determined the scope of application of the instructions, whereas it stipulated that “ the provisions of these instructions shall apply to the following:</p> <p>b- External branches and subsidiary companies operating outside the Kingdom referred to in paragraph (a) of this article, to the extent permitted by laws and regulations in force in these countries, taking into consideration the implementation of the higher standards wherever anti money laundering and counter terrorist financing requirements of home and host countries are different. The Companies Control Department shall be notified of any restrictions or constraints that may prevent or limit the implementation of these instructions.”</p> <p>Paragraphs (a/e) of article (6) of the said instructions stated that “the company should exert enhanced due diligence in identifying the customer's identity and his activity in the following transactions:</p> <p>a- Transactions conducted with persons who exist in countries where suitable systems are not available to combat money laundering or terrorist financing.</p> <p>e. The transactions which are conducted through non-resident customers.”</p> <p><u>Sector of Financial Activities:</u></p> <p>AML/CFT Instructions no. 3 of 2011 issued to entities that deal in financial activities shall apply to branches abroad and affiliates of such companies, whereas Paragraph (b), Article 3 of the Instructions stipulated:</p> <p>“The provisions of the present Instructions shall apply to:-</p> <p>b- The branches abroad and the affiliates of the entities referred to in Paragraph (a) hereof which are</p>
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			<p>established outside the Kingdom, to the extent permitted by applicable laws and regulations in the state where they exist, subject to the application of stricter standards in case of difference between the AML/CFT requirements in the hosting country and those in the mother country; and the competent authorities shall be informed of any obstacles or restrictions that may limit or prevent the application of the aforementioned instructions”.</p> <p>Furthermore, Paragraphs (a) and (f) of Article 6 of the aforementioned Instructions read: “The entities shall apply CDD measures for identification of the customer and relevant activity, in the following transactions:-</p> <ul style="list-style-type: none"> a- The transactions that are made with persons who are in or from countries that do not apply or insufficiently apply FATF recommendations. f- The transactions made through non-resident customers”. <p><u>Sector of Postal Services:</u> Paragraphs (a) and (f) of Article 7 of AML/CFT Instructions no. 1 of 2012 issued to entities that deal in postal services stipulate the cases requiring CDD measures for identification of the customer and relevant activity, including:-</p> <ul style="list-style-type: none"> “a- The transactions that are made with persons who are in or from countries that do not apply or insufficiently apply FATF recommendations. f- The transactions made through non-resident customers”.
	•	<ul style="list-style-type: none"> • Ensure a level of supervision and verification that guarantees FI's compliance with the content of these two Recommendations. 	<p>Paragraphs (b) and (c) of article (18) of the AML/CFT law in force stipulated the following:</p> <p>“b- The regulatory and supervisory authorities shall undertake to establish and provide means necessary to verify the compliance of the entities subject to the provisions of this law with the provisions stated therein, regulations, instructions and decisions issued by virtue thereof, in addition to the issuance of</p>

			<p>the necessary instructions pursuant to the provisions of this law.</p> <p>c- The authorities stated in paragraph (a) of this article shall comply with the following:-</p> <p>1- Taking the necessary procedures and means to exchange information and coordinating with the Unit regarding anti money laundering and counter terrorist financing.</p> <p>2- Immediately notifying the Unit should, in the course of performing their competences in accordance with the provisions of the legislation in force, suspicion of money laundering or terrorist financing is established. The Unit may notify such authorities of the procedures undertaken in accordance with the provisions of this law, if deemed necessary.”</p> <p>Article (30) of the said law also stipulated in the event where the subject parties breach any of the instructions issued by the regulatory and supervisory authorities that “any violation to any of the provisions of this law, regulations, instructions and decisions issued by virtue thereof for which a penalty is not specified in the law, the offender shall be fined with not less than one thousand Dinars and not more than ten thousand Dinars. The fine shall be doubled in the event of recurrence; where the violation is repeated for more than twice, the fine shall be doubled up to the maximum limit.”</p> <p>As to ensuring a level of supervision and verification that guarantees FI's compliance with the content of these two Recommendations</p> <p><u>Banking sector</u></p> <p>Article (9), items (third), (fourth) and (tenth) of the AML/CFT bank instructions No. (51/2010) dated 23/11/2010 stipulated that:</p> <p>“Article (9): Internal System:</p> <p>The bank shall set a proper internal system which includes internal policies, procedures and controls for anti money laundering and counter terrorist financing. This system shall include the following:</p> <p>Third: Allocate an independent and qualified staff within the Department of Internal Audit provided with sufficient resources to test the compliance with procedures, policies, and internal</p>
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			<p>controls to combat money laundering and terrorist financing.</p> <p>Fourth: A proper mechanism to verify the compliance with anti money laundering and counter terrorist financing policies and procedures by all staff of the audit mentioned in item (third) of this Article and the Reporting Officer, taking into consideration coordination of authorities and responsibilities determination between them.</p> <p>Tenth: Setting systems and procedures that ensure the performance of internal audit bodies of their role in examining internal control and supervision systems to guarantee their efficiency in anti money laundering and counter terrorist financing and reviewing such periodically, suggesting whatever necessary to complement any lack therein and update and develop the effectiveness and efficiency thereof.”</p> <p>Article (11), item (second) of the said instructions stipulated the following:</p> <p>“Article 11: Final Provisions</p> <p>Second: The bank shall include in the agreement signed with the external auditor a provision (Engagement Letter) requiring the auditor to make sure that the bank is fully implementing these instructions and the adequacy of the bank policies and procedures relating thereto, and include the results of that in his report to the management with the need to inform the Central Bank immediately upon discovering any violation of these instructions.”</p> <p>During 2009, the specialized ML/TF operations inspection manual (enclosed) for the banking sector was adopted. It contains the inspection of all the banking operations which may be abused in the ML/TF transactions. During the period from 3 to 7/5/2009, a training session was held for the employees of the regulatory groups at the Central Bank of Jordan, under the supervision of the expert of the technical assistance office/the US treasury department, to inform them about the inspection manual and the appropriate mechanism of using such manual in the inspection of the transactions which are suspected to be linked to money laundering or terrorism financing. The manual was put into effect; moreover, a number of employees of the banking system supervision department at the Central Bank of Jordan were sent to attend a number of sessions specialized in</p>
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			<p>AML/CFT (enclosed). In addition, (15) new employees were recruited in the banking system supervision department at the Central Bank of Jordan in 2009, in the fields of office and field supervision.</p> <p>During the periodical visits aimed at inspecting the banks business, inspecting the extent of compliance of such banks with the AML/CFT instructions, including the findings of the inspection and reflecting their effect on the classification of the bank in the inspection report according to the classification principles approved whether for local banks (CAMEL) or for foreign banks (ROCA) are regarded as an essential part of the evaluation of the banks management, in addition to the office follow-up of the daily movements of the facilities and the deposits which exceed one million Dinars. In the event where cases suspected to be linked to money laundering or terrorism financing are discovered without the bank notifying the unit thereof, the Central Bank of Jordan shall notify the unit of such, whether such cases were discovered through the field inspection visits or the office follow-up.</p> <p>Furthermore, in 2010, the Central Bank of Jordan sent warnings to the banks which are not in compliance with the provisions of the AML/CFT instructions, requesting some of the banks to provide it with a time schedule to remedy such breaches.</p> <p>In the year 2011 and the first quarter of 2012, the following took place:</p> <ul style="list-style-type: none"> - Onsite inspection of the activities of 15 licensed banks, whereas, as an integral part of these missions, there was rated the compliance of the competent banks with the AML/CFT Instructions, and the findings, whether violations or observations, were included in the inspection reports, and relevant effects were reflected on the classification of the banks based on the applicable classification principles. - Warning penalty was addressed to three banks due to their violation of the aforementioned instructions, two of which were asked to provide the Central Bank with
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			<p>a time schedule for rectification of said violations.</p> <ul style="list-style-type: none"> - Three of the banks were alerted of the necessity of complying with the aforementioned instructions, whereas the same violated some provisions of AML/CFT Instructions. <p>During the onsite inspection visits, two ML suspicious cases were detected and the Central Bank of Jordan reported the same to the AML/CFT Unit, and another case was detected during the offsite follow-up, and the Central Bank of Jordan reported the same to the AML/CFT Unit.</p> <p>The Central Bank of Jordan issued a circular to all banks operating in the Kingdom on 3/7/2012, providing for the need to comply thoroughly with the AML/CFT Instructions no. 51/2010, while taking necessary measures to urge their customers to update their data (here attached).</p> <p>One employee of the Banking Supervision Department obtained the CAMS certificate in 2012.</p> <p><u>Exchange sector</u></p> <p>Paragraphs (e/g) of article (6) of the AML/CFT instructions pertaining to exchange companies stipulated that “the moneychanger shall perform the following:</p> <ul style="list-style-type: none"> e- Allocate an independent and qualified staff within the Department of Internal Audit provided with sufficient resources to test the compliance with procedures, policies, and internal controls to combat money laundering and terrorist financing. g- Setting systems and procedures that ensure the performance of internal audit bodies of their role in examining internal control and supervision systems to guarantee their efficiency in anti money laundering and counter terrorist financing and reviewing such periodically to complement any lack therein and update and develop the effectiveness and efficiency thereof.” <p>Article (10) of the said instructions also stipulated that “the moneychanger shall include in the contract entered into with chartered accountant some items that obligate the chartered accountant to apply such instructions, evaluate the adequacy of policies and procedures concerning anti money laundering and</p>
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			<p>counter terrorism financing, and include the findings in his report. The Central Bank shall be informed promptly if the chartered accountant discovers any violation to this regulation.”</p> <p>There is also a continuous and permanent inspection conducted by the banking system supervision department at the Central Bank of Jordan on the exchange companies to verify the compliance of the companies with the AML/CFT instructions pertaining to exchange companies, that such companies are applying the due diligence and special attention procedures to the customer, that they are providing the complete date and information regarding their customers and the operations they conduct in their favor, that they are keeping the necessary records and date for this purpose and that they are notifying the unit of any operations suspected to be linked to money laundering or terrorism financing. In case there are any remarks made regarding the exchange company, they shall be included in the inspection report, knowing that, by virtue of the money exchange law in force, the moneychanger records, entries and transactions related to exchange business shall be subject to verification, review and inspection and that the records and entries shall be adjusted if necessary.</p> <p>Employees of the banking system supervision department at the Central Bank of Jordan participated in training sessions inside and outside the Kingdom in order to increase the level of competence and efficiency of the employees in the field of anti money laundering and combating the financing of terrorism and the financial analysis techniques for the ML/FT transactions, where around (16) employees of the department were trained on topics specialized in the inspection for combating money laundering and terrorism financing transactions, the combating procedures and the method of dealing with money laundering and terrorism financing cases (enclosed).</p> <p>The number of employees at the Money Exchange Supervision Department – Central Bank of Jordan is currently 22, seven of whom work in the Inspection Department; one employee of the Department got CAMS certificate in 2012.</p> <p>The Inspection Department at the Money Exchange Supervision Department – Central Bank of Jordan checks onsite the existence of internal control and monitoring systems at the</p>
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			<p>money exchange companies requesting affiliates, while rating the fulfillment of AML/CFT requirements.</p> <p>The Inspection department at the Money Exchange Supervision Department – Central Bank of Jordan has conducted 104 inspection visits in 2011 to money exchange companies, and in the period between 1/1/2012 and 15/7/2012, 55 inspection visits were made to money exchange companies.</p> <p>The number of money exchange companies, which showed signs of weakness in implementing the AML/CFT instructions during the examination visits, was 22, and the same were notified in written of such weak points, and onsite verification was made to check their rectification thereof.</p> <p><u>Securities sector</u></p> <p>Article (13) of the AML/CFT instructions pertaining to securities activities stipulated that “Subject Parties shall adopt an appropriate internal system that includes the policies, procedures, and internal controls needed to counter money laundering and terrorist financing operations. The said system shall include the following:</p> <ol style="list-style-type: none"> 3. An appropriate mechanism to verify compliance with anti money laundering and counter terrorist financing instructions, policies, and procedures in force. 4. To assign an independent and qualified staff within the internal audit department equipped with adequate resources to test compliance with anti money laundering and counter terrorist financing procedures, policies, and internal controls.” <p>The instructions stated that the chartered accountant must verify the application by the subject parties of the provisions of the AML/CFT law and the instructions and decisions issued pursuant thereto, whereas article (15) of the said instructions stipulated that:</p> <p>“a- Subject Parties shall include in their contract with the chartered accountant his commitment to ensure compliance with the provisions of the Law, these instructions, decisions issued pursuant thereto and the adequacy of related policies and procedures. He shall include the results of this in his report, and inform the Commission immediately should a violation of these instructions be discovered.</p>
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			<p>b- Subject Parties shall provide the Commission with their annual report that includes the opinion of the chartered accountant on the degree of application of the provisions of these instructions and decisions issued pursuant thereto, and the adequacy of related policies and procedures, attached to the final financial statements.”</p> <p>The inspectors of the Authority supervise and inspect the extent of compliance of the parties which are subject to its supervision with the laws and instructions issued in terms of AML/CFT, that due diligence is exerted regarding the opening of accounts for customers, that there is a system within such parties which comprises the policies, procedures and internal controls necessary for combating money laundering and terrorism financing and that there are regulated records and documents kept, in addition to the verification and inspection of their documents, entries and records by the competent party at the legally authorized entity. The number of inspectors was increased during 2009 and 2010 so as to become (9) employees (enclosed).</p> <p>The Securities Commission has made, from the beginning of 2011 till the month of July 2012, 60 inspection visits to entities under its supervision, whereas a specialized inspection team of the Commission inspects the entities subject to AML/CFT instructions, and peruses the forms of customers’ accounts opening, and compliance thereof with the CDD measures, in addition to perusing the CDD measures and policy adopted by such entities with the customers, before and during the establishment of the relation, and the way of updating relevant data, and conformity thereof with the AML/CFT Instructions in the field of securities.</p> <p>The inspection team peruses as well the procedures taken by the aforementioned entities to check the accuracy of the data provided by the natural and the legal person. The inspection team detected, during the inspection visits made to such entities, that some entities did not comply with AML/CFT instructions, and proper action was taken against them.</p> <p>The inspection team verified as well if the aforesaid entities establish and apply necessary procedures to avoid all such risks</p>
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			<p>related to the misuse of indirect non face-to-face dealing with the customer, whereas the inspection team detected some entities that are failing to comply with Article 8 of the Instructions, and proper action was taken against them.</p> <p>The inspection team peruses the customer's and beneficial owner's identification data records, which means that they verify the preparation and maintenance of the same by these entities; and the inspection team checks as well the internal system of the entity pursuant to Article 13 of the Instructions.</p> <p>The Securities Commission issued a circular to all financial intermediary companies on 30/7/2012, by virtue of the letter of the President of the Commission's Delegates Board, providing for the need to abide by AML/CFT Instructions in the field of securities activities for the year 2010 (here attached).</p> <p><u>Insurance sector</u></p> <p>Paragraphs (b/c/d) of article (15) of the AML/CFT instructions No. 6 for the year 2010, pertaining to insurance activities that "the company shall establish a proper internal system which includes policies, procedures and internal controls to prevent money laundering and financing of terrorism. This system shall include the following:-</p> <p>b- To set an independent and qualified staff within the internal auditing in the company to be fully supplied with required resources to test the compliance of the company with the procedures, policies and internal controls for combating money laundering and financing of terrorism.</p> <p>c- Proper mechanism to verify compliance with the provisions of these instructions and the decisions issued by virtue thereof, the policies and procedures set of combating money laundering and terrorism financing, taking into account the coordination in terms of determining the authorities and responsibilities between the internal audit entity and the notification officer.</p> <p>d- Procedures and capabilities which guarantee that the internal audit entity is performing its function of examining the internal control and supervision systems to ensure its anti money laundering and financing of terrorism effectiveness and suggest needed measurements in case of insufficiency or updating and developing these systems to enhance its efficiency and</p>
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			<p>effectiveness.”</p> <p>Article (16) of the said instructions stipulated that:</p> <p>“A- The company shall include in the contract concluded with the chartered accountant, his engagement to verify that the company applies the provisions of these Instructions and Decisions issued by virtue thereof as well as the adequacy of the policies and procedures followed by the company in this respect and shall include the results in his report submitted to the company and shall inform the Commission, upon discovering any violation to these Instructions.</p> <p>B- The company shall provide the Commission with an annual report prepared by the chartered accountant that includes the extent of compliance by the company with the provisions of these Instructions and Decisions issued by virtue thereof, and the adequacy of its adopted policies and procedures related thereto enclosed with the final financial statements of the company.”</p> <p>An inspection manual was prepared in English language in cooperation with the technical assistance program/the US Treasury Department related to the inspection of the operations through which money could be laundered or terrorism could be financed, in the insurance activities. The translation of the said manual into Arabic language is in process, in order to train the commission employees on the mechanism for using such manual in the inspection process.</p> <p>The regulatory and supervisory role of the insurance commission was enhanced through the onsite inspection of companies, by verifying that the companies which do not comply with all the clauses of the abovementioned instructions are taking the necessary remedial procedures, to as all the activities of the company would be consistent with the instructions. In this context, all the companies have adjusted their situations - after sending them letters on the onsite inspection remarks – by amending their AML/CFT internal policies in a way that is consistent with the commission instructions in this regard. The companies also observed the requirements of customer identification, in addition to the inclusion of the insurance policy forms, which guarantee the right of the company to cancel the insurance contract, in the</p>
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			<p>event where the company fail to carry out the requirements of the verification of the beneficiary identity.</p> <p>It is worth mentioning that the commission carries out onsite inspection operations continuously, whereas one of the items concerning the scope of inspection applied in the onsite inspection operations is to verify the compliance of the companies with the AML/CFT instructions No. 6 for the year 2010 pertaining to insurance activities; In addition, one of the requirements of the insurance commission related to the certification of the accuracy of the companies annual financial data is to provide the commission with an annual report prepared by the external auditor comprising the extent of application by the company of the provisions of the abovementioned instructions and the extent of adequacy of the company's policies and procedures related thereto.</p> <p>The Insurance Commission has conducted, from the beginning of 2011 till the month of July 2012, 11 inspection visits to insurance companies, whereas the Insurance Commission checks the compliance of entities under its control with AML/CFT Instructions in the insurance field, and relevant findings and observations were included in the inspection report. The inspection covered the recommendations related to the CDD measures taken for customers' identification, with application of due diligence and record keeping, and the abidance of such entities by SC resolutions 1267 and 1373.</p> <p>Furthermore, an examination guide was prepared regarding the transactions that may entail ML/FT cases in the insurance activities, and the inspectors of the Commission were trained on the mechanism of using the guide in question in the inspection process.</p> <p>Inspection visits were made to 9 companies in 2011 and 2 companies in 2012, in order to check compliance of such companies with the AML/CFT Instructions regarding insurance activities, given that notices were addressed to the aforementioned companies concerning the violations they made, and the Insurance Commission follows up the rectification procedures taken by the same to avoid such violations in the future.</p>
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			<p><u>Financial leasing sector</u></p> <p>Item (2) of paragraph (a) of article (13) of the same instructions stipulated that:</p> <p>“a- The company shall set a suitable internal by-law comprising the internal policies, bases, procedures and controls which shall be available for combating money laundering and terrorist financing transactions, provided it includes the following:-</p> <p>2- Assign an independent and qualified cadre within the Internal Auditing Department and provided with sufficient resources to examine the compliance with the internal procedures, policies and controls for combating money laundering and terrorist financing.”</p> <p>Article (12) of the AML/CFT instructions pertaining to companies which exercise the financial leasing activity for the year 2011 stipulated that “the company shall include in the agreement signed between it and the certified accountant a provision which shall obligate the certified accountant to verify the company’s implementation of these Instructions and extent of sufficiency of the company’s policies and procedures related thereto, and to include the results thereof in its report submitted to the administration, together with the necessity of notifying the Companies Control Department immediately upon his discovering any violation to these Instructions.”</p> <p><u>Sector of Financial Activities:</u></p> <p>Clause 2 of Paragraph (a) of Article 13 of AML/CFT Instructions no. 3 of 2011 issued to the entities that deal in financial activities, provides for the following:-</p> <p>“a- The entities shall establish a proper internal system, including the internal policies, procedures and controls that shall be available in order to fight against ML/FT, provided that the same shall include the following:</p> <p>2- An adequate mechanism to check compliance with applicable AML/CFT Law, the present Instructions, and any resolutions issued by virtue thereof.</p> <p>The Instructions required as well the legal accountant to verify the compliance of the entities dealing in financial activities with the AML/CFT instructions and policies, whereas Article 12 of said Instructions provided for the following:-</p> <p>“The entities shall include in the agreement signed between</p>
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			<p>them and the legal accountant a clause stipulating that the legal accountant shall check the compliance of such entities with the Instructions, and shall verify the adequacy of the entities' policies and procedures in this regard, while mentioning pertinent findings in his report, to be submitted to the management, and notifying the competent authorities immediately upon detection of any violation of these Instructions".</p> <p>With regard to the supervision of the sectors of finance lease and financial activities stipulated in Law, the Companies Control Department has increased the human resources, by delegating 18 employees from different departments to work at the Companies Control Department, in addition to 19 trainees already existing, in order to promote the efficiency of legal and financial control over companies, and the finance lease companies include as well a legal accountant, who is required to report to the Companies Control Department any violation made by the company to AML/CFT Instructions issued to finance lease companies of 2011 and any breach of the Act of Companies.</p> <p>To assert the role of the Companies Control Department as a supervisory authority controlling finance lease companies and financial institutions registered therewith, said Department has referred, since the beginning of 2012, 20 public shareholding company to the public prosecutor for failure to register the Land in their name, and 1 company for breach of Article 191 of the Act of Companies (failure to distribute profits to shareholders), and the Department referred 17 reports of audit committees related to companies.</p> <p><u>Sector of Postal Services:</u></p> <p>Clause 2 of Paragraph (a) of Article 13 of AML/CFT Instructions issued to entities that deal in postal services stipulates the following:-</p> <p>"a- The post operator shall establish a proper internal system which includes the internal policies, principles, procedures and controls that shall be available to fight against ML/FT cases, provided that the same shall include:</p> <p>2- An adequate mechanism to check the compliance with the</p>
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			<p>applicable AML/CFT Law, the present Instructions, and any requirements issued by virtue thereof”.</p> <p>Article 9 of the same Instructions reads:-</p> <p>“The post operators shall include in the agreement signed between them and the legal accountant a clause stipulating that the legal accountant shall check the compliance of the post operator with the present Instructions, and shall verify the adequacy of the post operator’s policies and procedures in this regard, while mentioning pertinent findings in his report, to be submitted to the management, and notifying the TRC immediately upon detection of any violation of these Instructions to take proper action”.</p>
22- Branches and subsidiaries abroad	<ul style="list-style-type: none"> • AML instructions for insurance are not issued pursuant to the AML law in order to be able to impose sanctions on companies violating the instructions. • No obligation to apply AML/CFT requirements on foreign branches of banking and monetary institutions except banks and insurance companies. 	<ul style="list-style-type: none"> • Issue the AML instructions related to insurance activities pursuant to the AML law to be able to impose sentences on companies violating the instructions. 	<p>Instructions No. (6) of 2010 “instructions of Anti Money Laundering and Counter Terrorist Financing in Insurance Activities and the amendments’, pursuant to paragraph (K) of Article (23) of the Insurance Regulatory Act No. (33) of 1999 and the Amendments Thereof, and item (4) of paragraph (A) of Article (14) of the applicable Anti Money Laundering and Counter Terrorist Financing.</p> <p>Pursuant to the article (30) of the AML/CFT law, any violation to any of the regulations, instructions and decisions issued by virtue thereof for which a penalty is not specified in the law, the offender shall be fined with not less than one thousand Dinars and not more than ten thousand Dinars. The fine shall be doubled in the event of recurrence; where the violation is repeated for more than twice, the fine shall be doubled up to the maximum limit.</p>
		<ul style="list-style-type: none"> • Clearly stipulate the necessity of applying the AML instructions by foreign branches and companies regulated by other financial institutions except banks and insurance companies. • Clearly stipulate that while doing business with countries that are not applying the AML/CFT standards issued by the FATF or apply them insufficiently, foreign branches and affiliate companies are obliged to apply 	<p>The AML/CFT law bound the foreign branches of the authorities subject to the provisions of the law to implement the AML/CFT requirements, whereas paragraph (b), article (14) of the AML/CFT law that Notwithstanding what is stated in item (3), paragraph (A) of this Article, the provision of Article (13) of this law shall be applied on the foreign branches of the company and its subsidiaries operating outside the Kingdom.</p> <p><u>Insurance Sector</u></p> <p>Article No. (2): Provisions of this regulation shall apply to moneychangers and branches thereof licensed by The Central</p>

		<p>the higher standards in case the AML/CFT requirements are different in the hosting country.</p>	<p>Bank of Jordan.</p> <p><u>Securities Sector</u> The branches of the companies were dealt with through article (2) of the AML/CFT instructions of the securities activities, stipulating: “Effectiveness scope: the provisions of these instructions shall apply on: a. The financial services companies licensed by the Commission and its branches.”</p> <p><u>Financial Leasing Sector</u> Article (3) of the AML/CFT instructions for the financial leasing companies of 2011 stipulated the following: The provisions of these instructions shall apply to the following: a. Companies practicing financial leasing, operating in the Kingdom. b. Branches and subsidiaries operating abroad, of the companies mentioned in paragraph (a) to the extent permitted by laws and regulations in force in these countries, taking into consideration the implementation of the higher standards wherever anti money laundering and counter terrorist financing requirements of home and host countries are different. The Companies Control Department shall be notified of any restrictions or constrains that may prevent or limit the implementation of these instructions.</p> <p><u>Sector of Financial Activities:</u> AML/CFT Instructions no. 3 of 2011 issued to entities that deal in financial activities shall apply to branches abroad and affiliates of such companies, whereas Paragraph (b), Article 3 of the Instructions stipulated: “The provisions of the present Instructions shall apply to:- b- The branches abroad and the affiliates of the entities referred to in Paragraph (a) hereof which are established outside the Kingdom,</p>
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			<p>to the extent permitted by applicable laws and regulations in the state where they exist, subject to the application of stricter standards in case of difference between the AML/CFT requirements in the hosting country and those in the mother country; and the competent authorities shall be informed of any obstacles or restrictions that may limit or prevent the application of the aforementioned instructions”.</p> <p>Furthermore, Paragraphs (a) and (f) of Article 6 of the aforementioned Instructions read: “The entities shall apply CDD measures to identify the customer and relevant activity, in the following transactions:-</p> <ul style="list-style-type: none"> a- The transactions that are made with persons who are in or from countries that do not apply or insufficiently apply FATF recommendations. f- The transactions made through non-resident customers”. <p><u>Sector of Postal Services:</u> Paragraphs (a) and (f) of Article 7 of AML/CFT Instructions no. 1 of 2012 issued to entities that deal in postal services stipulate the cases requiring CDD measures for identification of the customer and relevant activity, including:-</p> <p>“a- The transactions that are made with persons who are in or from countries that do not apply or insufficiently apply FATF recommendations.</p> <p>f- The transactions made through non-resident customers”.</p>
23- Regulation, supervision, and oversight	<ul style="list-style-type: none"> • Inefficient supervision over financial institutions other than banks and exchange companies. • Control and supervision by the insurance and Securities Commissions are not active in relation to AML. 	<ul style="list-style-type: none"> • Issue the AML instructions related to insurance activities pursuant to the AML law to be able to impose sentences on companies violating the instructions. 	<p>Instructions No. (6) of 2010 “instructions of Anti Money Laundering and Counter Terrorist Financing in Insurance Activities and the amendments”, pursuant to paragraph (K) of Article (23) of the Insurance Regulatory Act No. (33) of 1999 and the Amendments Thereof, and item (4) of paragraph (A) of Article (14) of the applicable Anti Money Laundering and</p>

	<ul style="list-style-type: none"> • No regulation of the financial leasing sector in the Kingdom and no supervisory or control criteria to register and take the necessary measures against institutions that do not register. • Need to implement regulatory and supervisory measures that exist for prudential purposes in financial institutions other than banks and insurance companies. 		<p>Counter Terrorist Financing were issued.</p> <p>Pursuant to the article (30) of the AML/CFT law, any violation to any of the regulations, instructions and decisions issued by virtue thereof for which a penalty is not specified in the law, the offender shall be fined with not less than one thousand Dinars and not more than ten thousand Dinars. The fine shall be doubled in the event of recurrence; where the violation is repeated for more than twice, the fine shall be doubled up to the maximum limit.</p>
	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Regulate financial leasing companies and designate a specified authority to be responsible for ensuring the compliance of these companies with AML/CFT requirements. 	<p>The financial leasing sector was regulated in terms of AML/CFT through the AML/CFT instructions for the companies practicing financial leasing (enclosed), which cover the entire international requirements in terms of AML/CFT. The instructions also stipulated the importance of checking whether the financial leasing companies comply with the AML/CFT requirements, whereas article (12) of the instructions stipulated that the company shall include in the contract concluded with the certified public accountant, that the latter shall ensure that the company applies the provisions of these Instructions and Decisions issued by virtue thereof as well as the soundness of the policies and procedures followed by the company in this respect and shall include the results in his report submitted to the company and shall inform the Companies Control Department, as soon as discovered, of any violation to these Instructions.</p> <p>The Unit held a meeting on 13/6/2012 with the reporting officers at financial intermediary companies, finance lease companies, and companies that deal in financial activities stipulated in Law, in the presence of representatives from the Ministry of Industry and Trade and the Companies Control Department, whereas at said meetings, the due diligence and customers' identification procedures were defined, and the finance lease companies were notified of the need to abide by AML/CFT requirements stipulated in the AML/CFT Law in force and all instructions issued by virtue thereof.</p>
	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Re-organize the financial transfer activity by setting basic rules for 	<p>A new draft for the Money Exchange Business Law was prepared, the main aspect of which include determining the</p>

		incoming and outgoing transfers with all types of currencies.	<p>works practiced by the moneychanger according to the license he obtained from the Central Bank of Jordan. These works include sending and receiving transfers in all currencies. Moreover, the AML/CFT instructions for the money exchangers were amended, whereas article (5) of the instructions stipulated the moneychanger's obligations in connection with the transfers sent and received by the moneychanger or if he was engages a an intermediary in a transfer in terms of providing full data and information; rating the risk level in case the details and information of the transfers were not provided; and providing the official authorities and the transferors with the requested information as per the rules.</p> <p>Article No. (5): Transfers</p> <p>a- The provisions of this article shall apply to transfers in the sums exceeding J.D seven hundred or any equivalent amount in other currency, which is sent or received by the Moneychanger subject to these instructions.</p> <p>b- Moneychanger's obligations with connection to the transfer:</p> <p>1- The Money Exchanges should undertake customer due diligence procedures mentioned in Article (3) of this regulation which states that the Moneychanger must obtain complete originator information which include: originator name, nationality, permanent address of residence, purpose of the transfer, national number or the identification document number, nationality for Jordanians and passport number for non-Jordanians.</p> <p>2- The Moneychanger should be able to provide the beneficiary party and the relevant authorities with all required information within three business days of receiving a request.</p> <p>3- The Moneychanger should be able to respond immediately upon the request of relevant official authorities to inform the same of such information.</p> <p>4- Inability of the moneychanger to obtain the information referred to in clause (1) above, shall be a reliable indicator for moneychanger when assessing the existence of a suspicious transaction and notifying the Unit thereof.</p> <p>5-</p> <p>a- The Moneychanger should adopt effective procedures to deal</p>
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			<p>with transfers lacking complete originator information, based on the risk degree of such transfers; such procedures include, for example, the request of incomplete information from the originator bank or Moneychanger.</p> <p>b- In case of incomplete information, the Moneychanger should undertake the necessary procedures, based on risk degree, including the refusal of the transfer.</p> <p>6- If the Moneychanger is engaged as intermediary of a transfer rather than being an originator or a beneficiary Moneychanger, then it must ensure that all information that accompanies a transfer is retained with the transfer.</p> <p>7- Where technical limitations prevent the Moneychanger from retaining the information accompanying a transfer, it should maintain the information as it is received for five years regardless of the information's completeness, and the Moneychanger should be able to provide the available information to the beneficiary bank or Moneychanger within three business days of receiving the request.</p> <p>8- If the intermediary Moneychanger received incomplete originator information, then it should inform the beneficiary party when conducting the transfer.</p> <p>9- If the Moneychanger conducts transfers via banks on behalf of its costumers, it should provide the bank with the originator's due diligence documents and information.</p>
	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Implement regulatory and control measures that exist for prudential purposes for financial institutions other than banks. 	<p>All the authorities subject to the provisions of the AML/CFT law were subjected to the provisions of the law, regulations, instructions and decisions issued by the Unit or the competent regulatory and supervisory authorities, whereas item (4), paragraph (a), article (14) of the la stipulated that: "the authorities subject to the provisions of this law should undertake:</p> <p>4- Abiding by the regulations, instructions and decisions issued by the Unit or the competent regulatory and supervisory authorities".</p> <p>The regulatory and supervisory authorities are also bound to issue the instructions related to AML/CFT pursuant to the provisions of the AML/CFT law, whereas paragraphs (b & c), article (18) of the law stipulated that:</p>

			<p>b- The regulatory and supervisory authorities shall undertake to establish and provide means necessary to verify the compliance of the entities subject to the provisions of this law with the provisions stated therein, regulations, instructions and decisions issued by virtue thereof, in addition to the issuance of the necessary instructions pursuant to the provisions of this law.</p> <p>c- The authorities stated in Paragraph (a) of this Article shall comply with the following:-</p> <p>1- Taking the necessary procedures and means to exchange information and coordinating with the Unit regarding anti money laundering and counter terrorist financing.</p> <p>2- Immediately notifying the Unit should, in the course of performing their competences in accordance with the provisions of the legislation in force, suspicion of money laundering or terrorist financing is established. The Unit may notify such authorities of the procedures undertaken in accordance with the provisions of this law, if deemed necessary.”</p> <p>Therefore, pursuant to the provisions of item (4), paragraph (a), article (14) of this law, all instructions were issued by the Central Bank of Jordan, the Jordan Securities Commission, the Insurance Commission, the Ministry of Interior, the Ministry of Finance and the Ministry of Industry & Trade.</p> <p>The Unit has issued AML/CFT Instructions to the entities that deal in financial activities and that are governed by the AML/CFT Law in force; similarly, the TRC has issued AML/CFT Instructions to entities that provide postal services.</p> <p>Pursuant to article (30) of the same law, any violation to any of the provisions of this law, regulations, instructions and decisions issued by virtue thereof for which a penalty is not specified in the law, the offender shall be fined with not less than one thousand Dinars and not more than ten thousand Dinars. The fine shall be doubled in the event of recurrence; where the violation is repeated for more than twice, the fine shall be doubled up to the maximum limit.</p> <p><u>Money Exchange Sector</u></p> <p>Pursuant to paragraphs (e & g), article (6) of the AML/CFT instructions for the money exchange companies. “the moneychanger should:</p>
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		<p>e. Set an independent and qualified staff under the internal auditing in the company to be fully supplied with required resources to test the compliance of the company with the procedures, policies and the internal rules for combating money laundering and financing of terrorism.</p> <p>f. Establish systems and procedures which guarantee that the internal audit body is performing its function of examining the internal control and supervision systems to ensure its anti money laundering and financing of terrorism effectiveness and suggest needed measurements in case of insufficiency or updating and developing these systems to enhance its efficiency and effectiveness.”</p> <p>Pursuant to article (10) of the same instructions: “The Moneychanger shall embed in the contract entered into with chartered accountant some items that obligates the chartered accountant to apply this regulation, evaluate the adequacy of policies and procedures concerning anti money laundering and counter terrorism financing, and include the findings to his report. The Central Bank shall be informed promptly if the chartered accountant discovers any violation to these instructions.”</p> <p>The <u>Money Exchange Supervision Dept./Central Bank</u> of Jordan shall set permanent and ongoing inspection on the money exchange companies to verify that they comply with the AML/CFT instructions for the money exchange companies, and that they implement the customer due diligence, provide the full details and information on their customers and the transactions they carry out for them, keep the records and details necessary for this purpose and notify the Unit with any transactions suspected of being linked to ML or FT. any comments on the money exchange company shall be include in the inspection report, knowing that pursuant to the Money Exchange Business Law in effect, the moneychanger’s records, restrictions and transactions linked to money exchange business shall be audited, reviewed and inspected and the records and restrictions shall be controlled if necessary.</p> <p>The officials of the <u>Money Exchange Supervision Dept.</u> were engaged in training sessions inside and outside the kingdom for elevating the efficiency and effectiveness level of those</p>
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			<p>officials in terms of AML/CFT and the financial analysis techniques for the ML/TF transactions whereas around 16 officials of the Dept. were trained on subjects specialized with inspection on ML/TF transactions, combating procedures and the method of dealing with the ML/TF cases (enclosed).</p> <p>The number of employees at the Money Exchange Supervision Department – Central Bank of Jordan is currently 22, seven of whom work in the Inspection Department; one employee of the Department became CAMS certified in 2012.</p> <p>The Inspection Department at the Money Exchange Supervision Department – Central Bank of Jordan checks onsite the existence of internal control and monitoring systems at the money exchange companies requesting affiliates, while rating the fulfillment of AML/CFT requirements.</p> <p>The Inspection Department at the Money Exchange Supervision Department – Central Bank of Jordan paid 104 inspection visits in 2011 to money exchange companies; and in the period between 1/1/2012 and 15/7/2012, 55 inspection visits were made to money exchange companies.</p> <p>The number of money exchange companies, which showed signs of weakness in implementing the AML/CFT instructions during the inspection visits, was 22, and the same were notified in written of such weak points, and onsite verification was made to check their rectification thereof.</p> <p><u>Securities Sector</u></p> <p>Pursuant to article (13) of the AML/CFT instructions of the securities activities, “the authorities subject to the provisions of these instructions shall establish a proper internal system which includes internal policies, bases, procedures, and controls to prevent money laundering and financing of terrorism, this system shall include the following:-</p> <p>3- Proper mechanism to verify compliance with the Instructions, policies and procedures established for combating money laundering and financing of terrorism.</p> <p>4- To set an independent and qualified staff under the internal auditing in the company to be fully supplied with required resources to test the compliance of the company with the procedures, policies and the internal rules for combating money</p>
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			<p>laundering and financing of terrorism.</p> <p>Pursuant to the instructions, the certified public accountant shall make sure the authorities subject to the provisions of the AML/CFT instructions of the securities implement the provisions of the AML/CFT law as well as the instructions and decisions issued by virtue thereof whereas article (15) the same instructions stipulated that:</p> <ol style="list-style-type: none"> a. "The authorities subject to the provisions of these instructions shall include in the contract concluded with the certified public accountant, that the latter shall ensure that the company applies the provisions of these Instructions and Decisions issued by virtue thereof as well as the soundness of the policies and procedures followed by the company in this respect and shall include the results in his report submitted to the company and shall inform the Commission, as soon as discovered, of any violation to these Instructions. b. The authorities subject to the provisions of these instructions shall provide the Commission with an annual report prepared by the certified public accountant that includes the extent of compliance by the company with the provisions of these Instructions and Decisions issued by virtue thereof, and the soundness of its adopted policies and procedures related thereto enclosed with the final financial statement of the company." <p>The Commission's inspectors shall perform control and inspection to verify that subject that the entities subject to its control comply with the laws and instructions issued in terms of AML/CFT, that the due diligence for opening accounts for the customers are takes, that these entities have a regulation including the policies, procedures and internal controls necessary for AML/CFT and that they keep organized records and documents. Moreover, the competent authority in the Commission authorized by law shall audit and inspect their documents, controls and records as well as reflecting the reached results on the inspection reports for taking the necessary procedures. In 2009 – 2010, the number of inspectors was increased to 9 (enclosed).</p> <p>The Securities Commission has made, from the beginning of</p>
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			<p>2011 till the month of July 2012, 60 inspection visits to entities under its supervision, whereas a specialized inspection team of the Commission inspects the entities subject to AML/CFT instructions, and peruses the forms of customers' accounts opening, and compliance thereof with the due diligence procedures, in addition to perusing the due diligence procedures and policy adopted by such entities with the customers, before and during the relation, and the way of updating relevant data, and conformity thereof with the AML/CFT Instructions in the field of securities.</p> <p>The inspection team peruses as well the procedures taken by the aforementioned entities to check the accuracy of the data provided by the natural and the legal person. The inspection team detected, during the inspection visits made to such entities, that some entities do not comply with AML/CFT instructions, and proper action was taken against them.</p> <p>The inspection team verified as well if the aforesaid entities establish and apply necessary procedures to avoid all such risks related to the misuse of indirect non face-to-face dealing with the customer, whereas the inspection team detected that some entities are failing to comply with Article 8 of the Instructions, and proper action was taken against them.</p> <p>The inspection team peruses the customer's and beneficial owner's identification data records, which means that they verify the preparation and maintenance of the same by these entities; and the inspection team checks as well the internal system of the entity pursuant to Article 13 of the Instructions.</p> <p>The Securities Commission issued a circular to all financial intermediary companies on 30/7/2012, by virtue of the letter of the President of the Commission's Delegates Board, providing for the need to abide by AML/CFT Instructions in the field of securities activities for the year 2010 (here attached).</p> <p><u>Insurance Sector</u></p> <p>Pursuant to paragraphs (b, c & d), article (15) of the AML/CFT instructions for the insurance activities No. (6) of 2010, "the company shall establish proper internal system which includes internal policies, bases, procedures, and controls to prevent money laundering and financing of terrorism, this system shall</p>
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			<p>include the following:-</p> <p>B- To set an independent and qualified staff under the internal auditing in the company to be fully supplied with required resources to test the compliance of the company with the procedures, policies and the internal rules for combating money laundering and financing of terrorism.</p> <p>C- Proper mechanism to verify compliance with the provisions of these Instructions and the Decisions issued by virtue thereof, policies, and procedures taking into account the coordination of authorities and responsibilities between the internal auditor and the reporting officer.</p> <p>D- Procedures and capabilities which guarantee that the internal audit body is performing its function of examining the internal control and supervision systems to ensure its anti money laundering and financing of terrorism effectiveness and suggest needed measurements in case of insufficiency or updating and developing these systems to enhance its efficiency and effectiveness.</p> <p>Article (16) of the same instructions also stipulated that:</p> <p>A. The company shall include in the contract concluded with the certified public accountant, that the latter shall ensure that the company applies the provisions of these Instructions and Decisions issued by virtue thereof as well as the soundness of the policies and procedures followed by the company in this respect and shall include the results in his report submitted to the company and shall inform the Commission, as soon as discovered, of any violation to these Instructions.</p> <p>B- The company shall provide the Commission with an annual report prepared by the certified public accountant that includes the extent of compliance by the company with the provisions of these Instructions and Decisions issued by virtue thereof, and the soundness of its adopted policies and procedures related thereto enclosed with the final financial statement of the company.</p> <p>An inspection guideline was prepared in English in cooperation with the technical assistance program/US Department of Treasury for inspecting the transactions through which ML or TF in the insurance activities can occur. The guideline is being translated into Arabic for training the Commission's inspectors</p>
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		<p>on the method of using the guideline in the inspection process. The regulatory and supervisory role of the Insurance Commission was also emphasized through onsite inspection over the companies in terms of verifying the companies non-compliant with all the provisions of the above-mentioned instructions concerning taking the correctional procedures necessary to make all the Company's activities compatible with the instructions. All the companies have settled their situations – after having sent letters including the comments of the onsite inspection – in terms of amending their internal policies for AML/CFT in line with the Commission's instructions in this regard. The companies have also undertaken complying with the KYC procedures and have stipulated in the insurance policy forms the Company's right in cancelling the insurance contract in case the Company failed to complete the requirements of verifying the beneficiary's ID.</p> <p>It is worth noting the presence of the onsite inspection operations performed by the Commission continuously whereas one of the main items of the auditing scope implemented in the onsite inspection transactions is verifying that the Companies comply with the AML/CFT instructions in the insurance activities No. (6) of 2010, and the Insurance Commission also requires for ratifying the annual financial statements of the companies that the external auditor provides the Commission with an annual report including the extent to which the Company applies the provisions of the above-mentioned instructions and the soundness of the Company's policies and procedures pertaining thereto.</p> <p>The Insurance Commission has made, from the beginning of 2011 till the month of July 2012, 11 inspection visits to insurance companies, whereas the Insurance Commission checks the compliance of entities under its control with AML/CFT Instructions in the insurance field, and relevant findings and observations were included in the inspection report. The inspection covered the recommendations related to the due diligence procedures taken for customers' identification, with application of due diligence and record keeping, and the abidance of such entities by SC resolutions 1267 and 1373.</p>
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			<p>Instructions no. 3 of 2011 issued to the entities that practice financial activities, provides for the following:-</p> <p>“a- The entities shall establish a proper internal system, including the internal policies, procedures and controls that shall be available in order to fight against ML/FT, provided that the same shall include the following:</p> <p>2- An adequate mechanism to check compliance with applicable AML/CFT Law, the present Instructions, and any resolutions issued by virtue thereof.</p> <p>The Instructions required as well the legal accountant to verify the compliance of the entities dealing in financial activities with the AML/CFT instructions and policies, whereas Article 12 of said Instructions provided for the following:-</p> <p>“The entities shall include in the agreement signed between them and the legal accountant a clause stipulating that the legal accountant shall check the compliance of such entities with the Instructions, and shall verify the adequacy of the entities’ policies and procedures in this regard, while mentioning pertinent findings in his report, to be submitted to the management, and notifying the competent authorities immediately upon detection of any violation of these Instructions”.</p> <p>With regard to the supervision of the sectors of finance leasing and financial activities stipulated in Law, the Companies Control Department has increased the human resources, by delegating 18 employees from different departments to work at the Companies Control Department, in addition to 19 trainees already existing, in order to promote the efficiency of legal and financial control over companies, and the finance leasing companies include as well a legal accountant, who is required to report to the Companies Control Department any violation made by the company to AML/CFT Instructions issued to finance lease companies of 2011 and any breach of the Act of Companies.</p> <p>To confirm the role of the Companies Control Department as a supervisory authority controlling finance lease companies and financial institutions registered therewith, said Department has referred, since the beginning of 2012, 20 public shareholding company to the public prosecutor for failure to register the</p>
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			<p>Land in their name, and 1 company for breach of Article 191 of the Act of Companies (failure to distribute profits to shareholders), and the Department referred 17 reports to audit committees related to companies.</p> <p><u>Sector of Postal Services:</u> Clause 2 of Paragraph (a) of Article 13 of AML/CFT Instructions issued to entities that provide postal services stipulates the following:- “a- The post operator shall establish a proper internal system which includes the internal policies, principles, procedures and controls that shall be available to fight against ML/FT cases, provided that the same shall include: 2- An adequate mechanism to check the compliance with the applicable AML/CFT Law, the present Instructions, and any requirements issued by virtue thereof”. Article 9 of the same Instructions reads:- “The entities shall include in the agreement signed between them and the legal accountant a clause stipulating that the legal accountant shall check the compliance of the post operator with the present Instructions, and shall verify the adequacy of the post operator’s policies and procedures in this regard, while mentioning pertinent findings in his report, to be submitted to the management, and notifying the TRC immediately upon detection of any violation of these Instructions to take proper action”.</p>
24- Designated non-financial businesses and professions—regulation, supervision, and oversight	<ul style="list-style-type: none"> • No authority responsible for monitoring the compliance of NFBPs subject to Law 46/2007 with AML regulations. No field visits are conducted to these professions to ensure their compliance. 	<ul style="list-style-type: none"> • Assign a special authority (authorities) to monitor the compliance of DNFBPs subject to Law 46/2007 with AML regulations. Such authority must exercise a comprehensive supervision role by issuing supervisory regulations and best practices standards. 	<p>The AML/CFT law was amended to expand the scope of the entities subject to the provisions of the law, including the non-financial entities, whereas paragraph (b), article (13) of the law stipulated that: The following entities shall comply with the procedures stipulated in this law, regulations, instructions and decisions issued pursuant thereto:- b- Non financial entities include:- 1- Persons or entities trading in real estate and its development. 2- Persons or entities trading in precious metals and stones. 3- Persons or entities that, on behalf of third party, perform any of the following business transactions:- – Sale and purchase real estates.</p>

		<ul style="list-style-type: none"> – Management of funds or any other financial assets. – Management of bank accounts, postal saving accounts or investments accounts in local and international financial markets. – Legal procedures necessary for establishing or managing any legal person, purchasing or selling commercial stores. – Organization of contributions related to the establishing or managing companies. <p>c- Entities or professions to which the Council of Ministers decides to apply the provisions of the law upon the recommendation of the National Committee.</p> <p>Article (14) of the same law stipulated the entities' financial and non-financial obligations as follows:</p> <p>a- The entities subject to the provisions of this law shall undertake to comply with the following:-</p> <ol style="list-style-type: none"> 1- Give due diligence to the identification of the customers entity, legal status, activity of the customer, purpose of the business relationship and its nature, and the beneficiary owner of the relationship between the entities and the customer, if any, and verifying such, as well as the continuous follow up of the transactions that are conducted through an ongoing relationship with their customers by any of the means determined in accordance with the relevant legislation together with recording and maintaining the relevant data pursuant to the provisions of Item (6) of this Paragraph. 2- Refrain from dealing with anonymous persons, persons with fictitious or anonymous names or shell banks or companies. 3- Notify the Unit immediately of any transaction suspected to be related to money laundering or terrorist financing whether such transaction is conducted or not, by the means or the form approved by the Unit, and maintain a copy of the notification, documents, legal instruments, data, and information related thereto for a period of not less than five years or until a final judicial verdict is issued regarding such transaction, whichever is longer. 4- Comply with the regulations, instructions and decisions issued by the Unit or the competent supervisory and regulatory authorities.
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			<p>5- Pay special attention to the high risk customers' categories, business relationships or transactions and set the relevant measures including:-</p> <p>First: Risk management systems for money laundering and terrorist financing to include the classification of customers into categories according to the degree of risk while developing the required measures to appropriately deal with such risks, and review such classification periodically or in the event of changes that require conducting such review.</p> <p>Second: Policies and measures for preventing the exploitation of new technologies in money laundering and terrorist financing.</p> <p>6- Keep records and legal instruments to document the local and international financial transactions to include sufficient data to identify such transactions; as well as maintaining such records, documents, legal instruments, data and information including customer's due diligence data and beneficiary owners for not less than five years from the date of completion of the transaction or the date of termination of the business relationship, as the case may be, which shall be updated periodically. Microfilm copies or any other modern electronic means may be maintained which shall have the same legal effect as the originals in relation to evidence, if prepared, kept and retrieved in accordance with bases identified within the instructions issued by the Chief of the Unit for this purpose.</p> <p>b- External branches of the entities mentioned in Article (13) of this law and its affiliates outside the Kingdom shall comply with the provisions of this Article excluding Item (3) of Paragraph (a) thereof.</p> <p>In addition, pursuant to the same law, the regulatory and supervisory authorities should make sure the authorities subject to their supervisions, including goldsmithing and sale of Jewelry, Precious Metals and Gems shops as well as the licensed real estate offices comply with all the laws and instructions pertaining to AML/CFT, whereas paragraphs (b & c), article (18) of the law stipulated that:</p> <p>b- The regulatory and supervisory authorities shall undertake to establish and provide means necessary to verify the compliance of the entities subject to the provisions of this law with the</p>
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			<p>provisions stated therein, regulations, instructions and decisions issued by virtue thereof, in addition to the issuance of the necessary instructions pursuant to the provisions of this law.</p> <p>c- The authorities stated in Paragraph (a) of this Article shall comply with the following:-</p> <p>1- Taking the necessary procedures and means to exchange information and coordinating with the Unit regarding anti money laundering and counter terrorist financing.</p> <p>2- Immediately notifying the Unit should, in the course of performing their competences in accordance with the provisions of the legislation in force, suspicion of money laundering or terrorist financing is established. The Unit may notify such authorities of the procedures undertaken in accordance with the provisions of this law, if deemed necessary.”</p> <p>Pursuant to article (30) of this law, any violation to any of the provisions of this law, regulations, instructions and decisions issued by virtue thereof for which a penalty is not specified in the law, the offender shall be fined with not less than one thousand Dinars and not more than ten thousand Dinars. The fine shall be doubled in the event of recurrence; where the violation is repeated for more than twice, the fine shall be doubled up to the maximum limit.</p> <p>Pursuant to paragraph (b), article (5) of the same law, the entities subject to the law shall be punished in case they did not abide by notifying the Unit of the transactions suspected of being related to ML and FT.</p> <p>Whoever violates the provisions of Item (3) of Paragraph (a) of Article (14) of this law shall be penalized with imprisonment for a period not exceeding one year, or with a fine of not less than ten thousand Dinars and not more than one hundred thousand Dinars or by both penalties.</p> <p><u>Jewelry Sector</u></p> <p>Suitable provisions and mechanisms for verifying the compliance of the goldsmithing, sale of Jewelry, Precious Metals and Gems shops with the obligations requested from them, whereas article (11) of the AML/CFT instructions for the the goldsmithing, sale of Jewelry, Precious Metals and Gems</p>
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			<p>their amendments, issued by the Ministry of Interior (enclosed), one or more committees shall be formed in each governorate, shall be chaired by one of the governors and shall include delegates of the competent authorities, which are entrusted with carrying out inspection tours over the shops licensed under these instructions to verify they comply with the provisions of these instructions, including checking the records as well as submitting the necessary reports and recommendations to the competent governor, whereas article (8) of these instructions stipulated:</p> <p>a. "One or more committees shall be formed by a decision from the competent governor and shall be chaired by one of the governors and shall include delegates of the competent authorities.</p> <p>The committee provided for in paragraph (a) of this article shall undertake carrying out inspection tours over the shops licensed under these instructions to verify they comply with the provisions of these instructions, including checking the records as well as submitting the necessary reports and recommendations to the competent governor."</p> <p>In fact, the committee takes inspection tours periodically over the goldsmithing and sale of jewelry, precious metals and gems shops in all the governorates in the Kingdom.</p> <p>The Unit and the Ministry of Interior coordinate to establish a mechanism that authorize the formed Committee to perform inspection and follow up the implementation of the instructions and laws issued in terms of the AML/CFT field by the goldsmithing and sale of jewelry, precious metals and gems shops.</p> <p>Pursuant to Article 8 of jewelers and jewelries license Instructions of 2009 and relevant amendments, committees were formed, headed by an administrative governor from all provinces of the Kingdom, with the membership of delegates from the competent authorities, including the delegates of the</p>
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			<p>Ministry of Industry and Trade and the Companies Control Department, in order to make inspection visits to jewelers and jewelries and check compliance thereof with AML/CFT Instructions, in addition to other matters required in the scope of such shops license instructions.</p> <p><u>Real Estate Sector</u></p> <p>Provisions and mechanisms ensuring the compliance of the licensed real estate offices with the requested obligations were established, whereas oursuant to article (11) of the AML/CFT instructions for the licensed real estate offices for 2010, issued under article (16) of the law regulating the real estate offices :</p> <p>“The office shall include in the agreement signed between it and the certified accountant a provision which shall obligate the certified accountant to verify the office’s implementation of these Instructions and extent of sufficiency of the office policies and procedures related therewith, and to embody the outcomes thereof in its report submitted to management together with the necessity of notifying the Land and Survey Department immediately upon his discovering any violation to these Instructions.”</p> <p>Article (12) of the same instructions also stipulated that:</p> <p>a. The office shall set a suitable internal by-law comprising theinternal policies, bases, procedures and controls which shall be available for combating money laundering and terrorism financing transactions, provided it includes the following:</p> <ol style="list-style-type: none"> 1. Clear policy for combating money laundering and terrorism financing transactions as well as continuously updating it comprising written detailed procedures for combating money laundering and terrorism financing transactions in which the duties and responsibilities are precisely determined in a manner consistent with the provisions of the Anti Money Laundering and Counter Terrorist financing law in force and the provisions of these Instructions and decisions issued pursuant thereto. 2. A suitable mechanism to ascertain compliance with the provisions of Anti money laundering and Counter terrorist
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			<p>financing Law in force, these Instructions and the issued decisions.</p> <p>3. The procedures which would ensure the examination of the internal control and supervision to ensure its effectiveness in combating money laundering and terrorism financing as well as submit the necessary proposals to remedy any shortage therein or whatever updating and developing needed to improve the efficiency and effectiveness thereof.</p> <p>4. The required bases for classifying the customers according to the degree of risks in the light of the documents, information and particulars made available to the office.</p> <p>b. The office should take the necessary procedures to involve its concerned employees in training programs in the field of combating money laundering and terrorism financing transactions</p> <p>Articles (14, 15 & 4) of the law regulating the real estate offices No. (53) of 2001 (encloses) stipulated that :</p> <p>"Article (14): the manager may delegate any of the Committee members or any employee in the Department to examine any real estate office to verify that it complies with the provisions of this law".</p> <p>"Article (15): the manager may according to the recommendation of the Committee take any of the following procedures:</p> <ul style="list-style-type: none"> a. Warn the owner of the real estate office if they violate any of the provisions of this law with regard to the importance of complying with them within the period set in the warning. b. Suspend the real estate office license for a period not more than 6 months in case the violation is repeated again. c. Cancel the license if the violation is repeated more than twice.
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			<p>With regard to the meant Committee, it is the Committee formed pursuant to article (4) of the mentioned law, which stipulates that:</p> <p>a. The Committee shall be formed inside the Department, shall be chaired by the manager or their representative and shall include two members appointed by the manager from the employee of the Department; the degree of each shall not be less than the other's.</p> <p>b. The Committee shall convene by an invitation from its Chairman at least one each month and its meeting shall be legal in the presence of all the members. The majority of the present members shall take the decisions."</p> <p>The duties of the Committee were determined pursuant to article (5) of the law, stipulating that:</p> <p>"Article (5):</p> <p>a. The Committee shall undertake :</p> <ol style="list-style-type: none"> 1. Studying the licensing applications submitted to the Department. 2. Verify that the real estate office compies with the conditions and requirements provided for int his law. <p>b. The Committee shall submit its recommendations to the manager to take the right decision about them. "</p> <p>Currently, the Unit and the Land and Survey Department are coordinating to determine a mechanism to the follow up the implementation of the instructions and laws issued on AML/CFT by the licensed real estate offices.</p> <p>The Department of Lands and Survey has circulated, through its website, a circular to owners of real estate offices, providing for the need to abide by Regulation no. 53 of 2001 governing real estate offices, and by AML/CFT Instructions of 2011 related to real estate offices, while ensuring that the Department will take the legal proceedings set forth in Article 16 of the Regulation, and will notify the competent authorities in charge of applying Article 15 of the Instructions and Articles 24 and 25</p>
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			<p>of AML/CFT Law should the interested fail to comply with the Regulation or the Instructions.</p> <p>The Department of Lands and Survey developed as well a draft amended regulation of Real Estate Offices Regulation of 2012, and submitted the same to the Prime Ministry whereas penalties were added in case of breaching any of AML/CFT Instructions provisions.</p> <p>Furthermore, a committee was formed, by virtue of a decision made by the Director of DLS on 19/7/2012, to inspect and follow-up the compliance of real estate offices with the provisions of Real Estate Offices Regulation and AML/CFT Instructions related to real estate offices (here attached).</p> <p>The DLS has also prepared a list of the items that are subject to verification, to ensure the compliance of real estate offices with the Real Estate Offices Regulation and the AML/CFT Instructions, particularly identifying customers, keeping records, and appointing an AML reporting officer, in addition to training employees through AML/CFT specialized training courses (here attached).</p>
		<ul style="list-style-type: none"> • Subject the other categories of DNFBP to AML/CFT requirements, while taking into consideration the risks pertaining to these sectors. 	<p>The persons exercising the activities provided for in Recommendation (12) of the International Recommendations were included by the entities subject to the provisions of the AML/CFT law in force, whereas article (13) of the AML/CT law in force stipulated that “the following entities shall comply with the procedures stipulated in this law, regulations, instructions and decisions issued pursuant thereto:-</p> <p>a- Financial entities include:-</p> <ol style="list-style-type: none"> 1- Banks operating in the Kingdom. 2- Exchange companies and money transfer companies. 3- Persons or companies exercising any of the activities subject to the supervision and licensing of the Securities Commission. 4- Persons or companies exercising any of the activities subject to the supervision and licensing of the Insurance Commission. 5- Entities exercising any of the following financial activities:- <ul style="list-style-type: none"> – Granting all types of credit. – Providing payment and collection services. – Issuing and administrating instruments payments and credit. – Trading in stock exchange market and capital market instruments for its own account or for the account of its clients.

			<ul style="list-style-type: none"> – Purchasing and selling debts with or without the right of recourse. – Financial leasing. – Managing investments and financial assets on behalf of a third party. <p>6- Entities offering postal services in accordance with the legislation in force.</p> <p>b- Non financial entities include:-</p> <ol style="list-style-type: none"> 1- Persons or entities trading in real estate and its development. 2- Persons or entities trading in precious metals and stones. 3- Persons or entities that, on behalf of third party, perform any of the following business transactions:- <ul style="list-style-type: none"> – Sale and purchase real estates. – Management of funds or any other financial assets. – Management of bank accounts, postal saving accounts or investments accounts in local and international financial markets. – Legal procedures necessary for establishing or managing any legal person, purchasing or selling commercial stores. – Organization of contributions related to the establishing or managing companies. <p>c- Entities or professions to which the Council of Ministers decides to apply the provisions of the law upon the recommendation of the National Committee.</p> <p>Paragraph (b), article (2), of the AML/CFT instructions for the licensed real estate offices also defined the office as “the real estate office licensed for buying and selling of land and real estate, and is an intermediary of such pursuant to the Real Estate Offices Organization Regulation in force. Thus, the intermediary real estate offices were included in the entities subject to the law.</p> <p>To date, the AML/CFT for the goldsmithing and sale of Jewelry, Precious Metals and Gems shops as well as the AML/CFT instructions for the licensed real estate offices were issued. Moreover, the competent authorities shall be coordinated with upon the preparation of the instructions for considering the peculiarity of each sector and the risks resulting there from upon the preparation of any AML/CFT instructions.</p>
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25- Guidelines & Feedback	<ul style="list-style-type: none"> • Unavailability of a feedback mechanism to the reporting entities regarding the results of submitted STRs. • Failure to issue guiding principles in issues covered by the FATF Recommendations, (except for the guidelines issued to the banks), in particular when it comes to describing the means and techniques used in money laundering and terrorism financing, including uncovered local and international cases or taking into consideration regular updating. • No guidance is available to NFBPs in relation to the implementation of AML/CFT requirements. • No guidance is available on how to deal with clients from countries that do not comply with the FATF standards. 	<ul style="list-style-type: none"> • The AMLU, associations or syndicates should set guidelines regarding the mechanisms to report suspected transactions, in addition to sector-specific guidelines so as to serve as educational material and guiding Methodology to invigorate the combating efforts. 	<p>The AML/CFT law was amended to expand the scope of the entities subject to the provisions of the law, including the non-financial entities, whereas paragraph (b), article (13) of the law stipulated that:</p> <p>The following entities shall comply with the procedures stipulated in this law, regulations, instructions and decisions issued pursuant thereto:-</p> <p>b- Non financial entities include:-</p> <ol style="list-style-type: none"> 1- Persons or entities trading in real estate and its development. 2- Persons or entities trading in precious metals and stones. 3- Persons or entities that, on behalf of third party, perform any of the following business transactions:- <ul style="list-style-type: none"> – Sale and purchase real estates. – Management of funds or any other financial assets. – Management of bank accounts, postal saving accounts or investments accounts in local and international financial markets. – Legal procedures necessary for establishing or managing any legal person, purchasing or selling commercial stores. – Organization of contributions related to the establishing or managing companies. <p>To date, the AML/CFT for the goldsmithing and sale of Jewelry, Precious Metals and Gems shops as well as the AML/CFT instructions for the licensed real estate offices were issued. The other entities and professions included in the amendment of the law shall be regulated through the issuance of instructions and guideline handbook for AML/CFT in coordination with the competent authorities.</p> <p><u>Jewelry Sector</u></p> <p>An AML/CFT guideline for goldsmithing and sale of Jewelry, Precious Metals and Gems (enclosed) was issued including some cases that would assist the owners of the goldsmithing and sale of Jewelry, Precious Metals and Gems shops to know the transactions suspected of being linked to ML/TF, which are:</p> <ul style="list-style-type: none"> - The stages through which the ML operation passes (employment/coverage/merging). - The methods used for hiding the TF sources.
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			<ul style="list-style-type: none"> - The indicators of the presence of transactions suspected of being linked to ML or TF. - The customer's behaviors. <p>The guideline was published with the AML/CFT instructions for the goldsmithing and sale of Jewelry, Precious Metals and Gems shops in the official gazette in the issue No. (5076) dated 16/1/2011.</p> <p><u>Real Estate Sector</u></p> <p>An AML/CFT guideline the licensed real estate offices (enclosed) was issued including some cases that would assist the owners of licensed real estate offices to know the transactions suspected of being linked to ML/TF, which are:</p> <ul style="list-style-type: none"> - The stages through which the ML operation passes (employment/coverage/merging). - The methods used for hiding the TF sources. - The indicators of the presence of transactions suspected of being linked to ML or TF. - The customer's behavior. <p>The guideline was published with the AML/CFT instructions in the official gazette in the issue No. (5077) dated 1/2/2011.</p> <p><u>Sector of Financial Leasing Companies:</u></p> <p>The AML/CFT instructions guide was circulated to financial leasing companies (here attached), by virtue of the Companies General Controller's letter no. (1/5/32/20254) dated 23/4/2012 (here attached), whereas the aforementioned guide stipulated the techniques of transactions suspected of involving MLT/F, the stages of ML/FT, and the techniques used to conceal FT sources.</p> <p><u>Sector of Financial Activities:</u></p> <p>The Unit, in cooperation with the Companies Control</p>
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			<p>Department, has prepared a guide which makes such entities familiar with the ML/FT stages, and the main indicators that could infer the existence of ML/FT suspicious transactions (here attached); same was circulated to the entities in question by virtue of the Companies General Controller' letter no. (CC/1/5/26/13008) dated 21/3/2012 (here attached).</p> <p><u>Sector of Postal Services:</u></p> <p>The TRC has issued a guide which helps the entities providing postal services get acquainted with the ML/FT stages, and the main indicators which would infer the existence of ML/FT suspicious transactions (here attached).</p> <p><u>The AML/CFT Unit</u></p> <p>Pursuant to the amendment of the AML/CFT law, the AMLCFT Unit has become bound to providing feedback for the reporting entities concerning the received reports, whereas paragraph (c), article (17) of the AML/CFT law in force stipulated that "the Unit should notify the entities bound to notification according to the provisions of this law of receiving the notification they receive from those entities according to the provisions of item (3), paragraph (a), article (14) of this law pursuant to the instructions issued by the Chief of the Unit for this purpose."</p> <p>The Unit has also listed the statistics of the notifications in terms of number and the entity that sent the notification, in the annual report of the Unit for the years 2007-2009. Moreover, the Unit included in the Unit's annual report of 2009 some of the cases the Unit received indicating for the submitted entities the methods and instruments used in these cases.</p> <p>The Unit has issued its annual report of the year 2010 (here attached) which includes an overview of the Unit, relevant organization chart, and the main activities undertaken at the local, Arab and international levels, with statistics on the number of reports received by the Unit from such entities governed by the Law, and the cases referred by the supervisory authorities and other authorities, and the conviction decisions, and the report included as well the ICRG review process made</p>
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			<p>to the Kingdom.</p> <p>The Unit issued its annual report of the year 2011 (here attached) to update all concerned parties on all news regarding the AML/CFT regulations at the local, regional, and international levels, including detailed statistics about the STRs received by the Unit, whether from such authorities governed by the Law or the supervisory authorities or the administrative and security authorities, along with the findings of STRs analysis, and the cases referred to the public prosecutor or the competent authorities.</p> <p>The Unit also opened on its website a page for the applications, including electronic links with the website of the Financial Action Task Force (FATF) and the Middle East, the North Africa Financial Action Task Force and Egmont Group with regard to the papers of the applications issued by the Unit so that they can be easily accessible by the submitted entities and referred to for knowing the ML/TF methods, ways and trends.</p> <p>The foregoing is in line with the guideline issued by the FAF regarding the best practices for providing the financial and non-financial institutions with feedback.</p> <p>In addition to the foregoing, with regard to the feedback for each case alone, the Unit depends on an electronic notification system for the notifications sent by the banks, which gives a reference number for the notifying bank upon sending the notification to the Unit and that the notification was received by the Unit.</p> <p>Regarding the paper notifications sent by the other entities, such as the money exchange companies, the financial institutions and the DNFBPs, the Unit shall sign the receipt of the official letter and the enclosed notification form prepared by the Unit.</p> <p>It is worth noting that the Unit is at the final stages of launching a new electronic notification system through which notifications can be sent via the internet (the safe network) from all the entities bound to notification. Upon sending the notification, an electronic message shall be made indicating the Unit's receipt of the notification and the notifying entity shall be provided with the notification number, which shall be</p>
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			<p>approved for requesting any further information and any amendments made on the notification. The new system is expected to be activated in 2011.</p> <p>In order to develop the mechanism of receiving STRs, there were issued instructions regarding the forms and means of reporting ML/FT suspicious transactions, pursuant to Paragraph (c) of Article 7 of Regulation no. 40/2009 – Regulation of AML/CFT Unit and its amendments, whereas said instructions specified the data to be included in the report and the means used to receive reports, whether through electronic systems or the hard copies adopted by the Unit (here attached).</p> <p>In application of Paragraph (c) of Article 17 of AML/CFT Law in force, the Head of the Unit issued, on 1/11/2011, instructions that provide for notifying the entities which are required to submit STRs, to confirm receipt by the Unit, whereas, by virtue of said instructions, the Unit shall send a notice to the entity which is subject to the reporting requirement, including the date and time of report receipt by the Unit and the report reference number, whether electronically or on hard copy, using the method adopted by the Unit for receiving reports (here attached).</p> <p>The Unit has issued all reporting forms mentioned here below to such entities governed by the Law, knowing that the Unit is still receiving STRs from the sector of banks electronically:-</p> <ul style="list-style-type: none"> - Money exchange companies. - The persons or companies that practice any of the activities which are subject to the supervision and license of the Securities Commission. - The persons or companies that practice any of the activities which are subject to the supervision and license of the Insurance Commission. - The financial institutions. - The persons or entities that deal in property trade and development. - The persons or entities that deal in precious
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			<p>metals and precious stones.</p> <p>- The entities providing postal services.</p> <p>The Unit developed as well a guide for filling in the reporting forms to help the concerned entities fill them in case of suspicion about ML/FT cases (here attached).</p>
Institutional and other measures			
26- Financial Intelligence Unit	<ul style="list-style-type: none"> • The Unit's competence being limited to the field of ML without TF. • Failure to verify the independence of the Unit's work • Insufficiency of the Unit's financial, human and technical resources 	<ul style="list-style-type: none"> • Include the TF offense in the unit's scope of work 	<p>Article (2) of the AML/CFT law in force defined "terrorist financing" as "Committing any of the acts stipulated in Paragraph (b) of Article (3) of this law."</p> <p>Pursuant to the provisions of paragraph (b), article (3) of the AML/CFT law in force, "it shall be prohibited to provide, collect, insure obtaining or moving, by any means, whether directly or indirectly, funds, even from legitimate sources, to a terrorist, terrorist organization, commission, society or group or for a terrorist act, with the knowledge of such, whether such funds are used wholly or partially or not used, and regardless of whether such act has occurred or not."</p> <p>Pursuant to paragraph (a & b), article (7) of the same law:</p> <p>a- A Unit called the (Anti Money Laundering and Counter Terrorist Financing Unit) shall be established as a financially and administratively independent unit and shall be associated with the Governor of the Central Bank of Jordan.</p> <p>b. The Unit shall be responsible for receiving the notifications stated in Item (3) of Paragraph (a) of Article (14) of the law in relation to any transaction suspected to be related to money laundering or terrorist financing and requesting information related thereto, analyzing and investigating such, as well as providing the competent authorities with such information, when necessary, for the purposes of anti money laundering and counter terrorist financing.</p> <p>Pursuant to item (3), paragraph (a), article (14) of the same law, the entities subject to the provisions of the law shall "notify the Unit immediately of any transaction suspected to be related to money laundering or terrorist financing whether such transaction is conducted or not, by the means or the form approved by the Unit, and maintain a copy of the notification,</p>

			documents, legal instruments, data, and information related thereto for a period of not less than five years or until a final judicial verdict is issued regarding such transaction, whichever is longer."
		<ul style="list-style-type: none"> • Guarantee the independence of the unit's work 	<p>Regarding the independence of the Unit, paragraph (a), article (7) of the AML/CFT law in force stipulated that "a Unit called the (Anti Money Laundering and Counter Terrorist Financing Unit) shall be established as a financially and administratively independent unit and shall be associated with the Governor of the Central Bank of Jordan."</p> <p>The Chief of the Unit shall be appointed by a decision from the National Committee according to the recommendation of the Committee, whereas pursuant to paragraph (a), article (9) of the AML/CFT law in force "The Chief of the Unit shall be appointed by a decision of the Committee based upon the recommendation of the Chairman of the Committee. The decision shall determine the salary, allowances and all financial rights."</p> <p>While a number of the employees of the Central Bank of Jordan working for the Unit were delegated, the other employees resigned and were appointed among the staff of the AML/CFT Unit.</p> <p>After the law had been amended, a special provision pertaining to the Unit's budget was established, whereas paragraph (a), article (10) of the AML/CFT law in force stipulated that "the Unit shall have an independent budget, and its financial year shall start on the first day of January of every year and shall end on the thirty first day of December of the same year."</p> <p>The Unit is currently equipping its new office (outside the building of the Central Bank of Jordan) with furniture, ICT systems, along with security and safety systems.</p> <p>To ensure the independency of the Unit, and in order to regulate the internal affairs of the Unit, and to maintain the security and safety of information, the Head/Chief of the Unit issued the following instructions and decisions:-</p> <p><u>With regard to the internal affairs:-</u></p> <p>a- The instructions governing the internal affairs of the AML/CFT Unit, pursuant to Paragraph (d), Article 7</p>

			<p>of AML Unit Regulation no. 40 of 2009, in terms of the organizational chart of the Unit (Financial Analysis and Interrogation Directorate, National and International Directorate, Legal Affairs Directorate, Administrative, Financial and Information Technology Affairs Directorate), and the instructions provided as well for the missions of each of said directorates (here attached).</p> <p>b- The Unit has issued the work procedures guide to the Financial Analysis and Interrogation Directorate, by virtue of the Chief of Unit's decision no. 24/2011 dated 31/10/2011 (here attached), which includes the executive procedures of the inquiry and financial analysis process related to reporting, starting from registration of STRs, the entry stage and preliminary verification thereof, then set the priority for the report study based on the principles mentioned in the guide, then the inquiry and technical analysis stages, to end with the decision regarding the report following the practical analysis thereof, and the preparation of a pertinent inquiry report in case of referral to the public prosecutor.</p> <p>c- "The instructions of the Human Resources Committee at the Unit" issued pursuant to Paragraph (d) of Article 13 of AML/CFT Regulation no. 40 of 2009 and its amendments, and which provided for the mechanism of the Human Resources Committee meetings and powers, and the mechanism of relevant decision making, in order to govern human resource-related issues at the Unit and pertinent decisions (here attached).</p> <p>d- "The instructions of overtime fee for the employees of the Unit", issued pursuant to Paragraph (a) of Article 14 of AML/CFT Unit Regulation no. 40 of 2009 and relevant amendments, and which provided for the terms when assigning the Unit's employees with tasks outside working hours and on official holidays.</p> <p>e- "The instructions of the Supplies Committee of the AML/CFT Unit", issued pursuant to Paragraph (d) of</p>
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			<p>Article 17 of AML/CFT Unit Regulation no. 40 of 2009 and relevant amendments, and which provided for the mechanism of the Supplies Committee meetings and powers, and the mechanism of decision making, in order to regulate the process of purchasing supplies at the Unit and pertinent decisions (here attached).</p> <p><u>With regard to information safety and security at the AML/CFT Unit:</u></p> <ol style="list-style-type: none"> 1- "The instructions for establishment and management of passwords of log in records at the AML/CFT Unit", issued pursuant to Paragraph (d) of Article 7 of AML/CFT Unit Regulation no. 40 of 2009 and its amendments, and which imposed on all employees to type a password when logging into automated systems, networks, and main and personal computers used by the Unit, in addition to keeping a copy of the Unit employees' passwords in a special closed envelope, in the safe box of the Unit. 2- "The instructions for using the safe boxes and cases of reports", issued pursuant to Paragraph (d) of Article 7 of AML/CFT Unit Regulation no. 40 of 2009 and its amendments, and which specified the employees who are authorized to use the safe boxes and the cases of STRs, and how to keep the retain the keys of STRs cases and safe boxes in addition to related decisions. (here attached). 3- The instructions related to the databases of ML/FT suspicious transactions, and the terms and guarantees for confidentiality thereof, issued pursuant to Paragraph (a) of Article 7 of AML/CFT Unit Regulation no. 40 of 2009 and its amendments, and which specified the data to be included in the Unit's database, particularly concerning the STRs; the Instructions defined as well the persons who are authorized within the Unit to manage and use the database as well as the relevant decisions (here attached). 4- Furthermore, the code of professional conduct related
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			<p>to the security and safety of AML/CFT Unit information was adopted and signed by all employees of the Unit.</p> <p>With regard to joining Egmont Group, the representatives of the official sponsors of the Unit (counterpart unit in the United States, counterpart unit in Lebanon) have made an onsite visit in December 2011, during which they checked the efficiency of AML/CFT operational and legal system in the Kingdom, and made necessary recommendations to the Outreach Working Group (OWG) and the Legal Working Group (LWG) of Egmont Group, and the adherence of the Kingdom to Egmont was approved by both aforementioned teams at a meeting held in Philippines in January 2012.</p> <p>On 11/7/2012, the 20th Plenary Meeting of Egmont Group approved the adherence of the Kingdom to Egmont Group.</p>
		<ul style="list-style-type: none"> • Increase financial, human and technical resources of the unit. 	<p>The AML Unit's regulation No. (40) of 2009, which regulated many issues, including the Unit's administrative and financial issues, was issued. The AML/CFT Unit regulated the Unit's internal affairs as follows:</p> <ol style="list-style-type: none"> 1. Adopt the job classification table until 2010, approve the requirements of occupying the jobs in the Unit and approve the organisational structure to include the following directorates: <ol style="list-style-type: none"> a. The Investigation and Financial Analysis Directorate b. The National and International Directorate c. The Legal Affairs Directorate d. The Administrative Affairs and IT Directorate 2. A part of the staff was appointed according to the organisational structure whereas the number of the Unit's employees reached 10, divided over the entire Unit's directorates. All the contracts of the employees of the Central Bank of Jordan and some of them were hired by the

			<p>Unit.</p> <p>It is worth noting that the appointments in the governmental institutions in Jordan are suspended since 2009, but the Unit was granted the privilege from the Prime Minister to increase 8 vacancies in the Unit.</p> <p>3. The AML/CFT Unit's financial resources were increased from 500, 000 dinars to 700, 000 USD in 2010 to become 800, 000 Dinars, which is equivalent to 1.15 million USD in 2011.</p> <p>4. All the Unit's employees were registered in the social security, tax and the Provident Fund and they were granted medical care as well as life insurance and personal accident insurance.</p> <p>5. Pursuant to the Unit's regulation No. (40) of 2009, the Procurement Committee and the Human Resources Committee were formed of the senior employees of the Unit. A letter was sent to the Cabinet for the purpose of including all the Unit's employees pursuant to the provisions of the financial disclosure law due to the importance and delicateness of the Unit's work.</p> <p>6. The Unit proceeded as well with the measures to obtain the electronic system for receiving and analyzing STRs (goAML) adopted by the UNODC, which will develop the mechanism of receipt and analysis of STRs.</p>
		<ul style="list-style-type: none"> • Increase the competence of the unit's employees through continuous training 	<p>The Unit has held several training workshops to examine the best international practices in the AML/CFT field and elevating the Unit's workers' efficiency, whereas the Unit participated between 2008 and 2010 in 30 local and international training workshops (enclosed).</p> <p>In 2010 and 2011, the Unit also examined the experiences of the peer units in Lebanon (the Special Investigation Unit) and in the US (FinCEN) for examining the best international practices in the AML/CFT field.</p>

			<p>From March 2010 till August 2012, the Unit participated in many training programs, as follows:</p> <ul style="list-style-type: none"> - 13 training programs in 2010 (here attached). - 12 training programs in 2011 (here attached). - 9 training programs from early 2012 till July 2012 (here attached). <p>With regard to conferences, the Unit has lectured, between 2011 and 2012, in 8 training workshops at the Directorate of General Security / Training Institute of Preventive Security Force, regarding critical issues, including ML and TF.</p> <p>The Unit as well provided lectures in the Institute of Banking Studies for 3 training programs on AML/CFT addressed to financial institutions, particularly banks and exchange companies.</p> <p>And the Unit has lectured as well in three other events on the AML/CFT Law, and the role of the Unit in terms of receiving, inquiring into, and analyzing STRs.</p> <p>It is worth mentioning that 2 of the Unit employees obtained in 2012 CAMS certificate, given that it is a specialized certificate on AML issued by the American Association (ACAMS).</p>
27- Law enforcement agencies	<ul style="list-style-type: none"> • No designated law enforcement agency responsible for ensuring TF is investigated. • Lack of evidence on the effectiveness of the competent law enforcement agencies 	<ul style="list-style-type: none"> • The need to have a LEA responsible for guaranteeing the investigations in TF. 	<p>Considering the entity concerned with studying the cases pertaining to TF, the Public Prosecutor of the State Security Court shall be concerned with investigating the terrorism crimes, including the TF cases, whereas article (2) of the Prevention Of Terrorism Law No. (55) of 2006 (enclosed) defined the Public Prosecutor as “the Public Prosecutor of the State Security Court”. Paragraph (a), article (3) of the said law also stipulated that “the terrorist acts are prohibited and shall cover the following acts:</p> <p>a. “Offering or gathering or managing funds by any means for the purpose of using them for committing a terrorist act or of using them fully or partially whether the mentioned act has occurred or not inside the Kingdom or against its citizens or interests abroad.”</p> <p>Articles (2 & 3) of the AML/CFT law in force also defined TF. The implementation of the investigation in TF crimes becomes clear in the case through which four defendants gathered funds</p>

			a terrorist organization and groups to use them for terrorist acts in contrast with the provisions of article (24.a.3 and 3.b) of the AML/CFT law No. (46) of 2007 and according to article (76) of the Penal Code, whereas the accusation list indicates that the competent Public Prosecutor who interrogated the defendants is the Public Prosecutor of the Security State Court, who requested criminalizing the defendants with the charges they were accused of and penalizing them according to the provisions of the law in addition to confiscating the amount seized in this case.
	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> • Provide more training to employees of LEA and prosecution sectors 	<p>Around 800 persons, including judges, public prosecutors and law enforcement entities, were trained by the technical assistance office of the US Department of Treasury as a part of the program of the (US grant for the Jordanian Government concerning law enforcement) in 2009 and 2010 for defining the ML/TF transactions (enclosed).</p> <p>A number of public prosecutors and judges have participated, in years 2010-2012, in various training workshops about ML/TF crimes investigation techniques, and the financial investigative techniques (6 training sessions, here attached). And the American experience in terms of ML/FT crimes investigation was tackled during the onsite visit, which was organized by the Technical Assistance Bureau at the US Ministry of Treasury and the US Ministry of Justice in January 2011.</p>
30- Resources, integrity, and training	<ul style="list-style-type: none"> • AMLU and other competent authorities working in fighting terrorism financing and money laundering are not provided with adequate human, financial and technical resources to assume their duties in an efficient way. • No adequate structure for the FIU to ensure its independence and its distance from inadequate interference. • Employees of competent authorities are not provided with proper training on AML/CFT. 	<ul style="list-style-type: none"> • Provide adequate financial and human resources to increase the efficiency of the supervision's work of FIs and cover them in full. 	<p>Providing sufficient financial and human resources for increasing effectiveness over the control over the financial institutions and covering them fully.</p> <p><u>Bank Sector</u></p> <p>A number of the Control Department on the Banking System was sent to a number of specialized in the AML/CT field (enclosed).</p> <p>In 2009, 15 new employees in office and field control were sent to the Control Department on the Banking System.</p> <p>In 2011 and the first quarter of 2012, the following took place:</p> <ul style="list-style-type: none"> - 4 new employees were recruited at the Banking Supervision Department for the onsite and offsite inspection.

			<ul style="list-style-type: none"> - A number of the Banking Supervision Department employees were sent to 29 training sessions, locally and abroad, pertaining to banking supervision; including AML/CFT (relevant details are included in the statement herewith enclosed). - One of the employees of the Banking Supervision Department obtained the CAMS certificate in 2012. <p><u>Money Exchange Sector</u> The officials of the <u>Money Exchange Supervision Dept.</u> were engaged in training sessions inside and outside the kingdom for elevating the efficiency and effectiveness level of those officials in terms of AML/CFT and the financial analysis techniques for the ML/TF transactions whereas around 16 officials of the Dept. were trained on subjects specialized with inspection on ML/TF transactions, combating procedures and the method of dealing with the ML/TF cases (enclosed). The employees of the Money Exchange Supervision Department attended 19 training workshops in 2010-2012, locally and internationally, related to AML/CFT (here attached). The number of employees at the Money Exchange Supervision Department – Central Bank of Jordan is currently 22, seven of whom work in the Inspection department; one employee of the Department was CAMS certified in 2012.</p> <p><u>Securities Sector</u> The number of inspectors was increased in 2009 and 2010 to 9 employees (enclosed). Moreover, a number of the Securities Commission employees attended 18 training workshops between 2010 and 2011 related to AML/CFT and the techniques of detecting fraud in financial statements (here attached).</p>
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			<p><u>Insurance Sector</u></p> <p>The Insurance Commission also dismissed a number of the Commission's employees to train them on the process of reporting the suspected transactions, whereas one of these training programs was called:</p> <p>"FDIC- Advanced Counterterrorism Financial Regulatory Training, which was held at the offices of FIDIC in Washington DC, USA, in July 2010, knowing that the Commission is training other employees in this field.</p> <p>And the employees of the Insurance Commission participated in 6 training workshops related to AML/CFT and fraud detection in financial statements (here attached).</p> <p><u>Sector of Financial Leasing Companies and Financial Activities:</u></p> <p>The Companies Control Department has increased the human resources, by delegating 18 employees from different departments to work at the Companies Control Department, in addition to 19 trainees already existing, in order to promote the efficiency of legal and financial control over companies.</p>
31- National Cooperation	<ul style="list-style-type: none"> • Lack of efficient mechanisms that guarantee cooperation means between the authorities concerned with anti-money laundering and communication mechanism with the financial sector and other sectors. • Lack of a clear mechanism for local cooperation in combating terrorism financing. 	<ul style="list-style-type: none"> • The AML National Committee should set efficient policies and mechanisms to guarantee the means of cooperation between the authorities concerned with AML and communication mechanism with the financial sector and other sectors. 	<p>The establishment of the National Anti Money Laundering and Counter Terrorist Financing Committee that pursuant to article (5) of the AML/CFT law in force binds all the entities concerned with ML/TD in the Kingdom to cooperate among each other and facilitate the exchange of information for AML/CFT, knowing that article (5) of the law stipulates that a committee called the National Anti Money Laundering and Counter Terrorist Financing Committee shall be formed, shall be chaired by the Governor of the Central Bank and shall consist of the following members:-</p> <ul style="list-style-type: none"> a- Deputy Governor of the Central Bank designated by the Governor as the Deputy Chairman of the Committee. b- Secretary General of the Ministry of Justice. c- Secretary General of the Ministry of the Interior. d- Secretary General of the Ministry of Finance. e- Secretary General of the Ministry of Social Development. f- Director General of the Insurance Commission. g- General Controller of Companies.

			<p>h- A Commissioner of the Securities Commission Board, designated by the Chairman of the Board of Commissioners.</p> <p>i- Chief of the Unit.</p> <p>The National Committee holds periodical meetings on a three month basis or whenever deemed necessary in order to discuss the latest news about the AML/CFT system worldwide and the stage attained by the Kingdom in this field, in addition to tackling the ways and mechanisms of national cooperation between the authorities represented in the National Committee in the field of AML/CFT; the National Committee facilitates any difficulties faced by the Unit in terms of getting information from stakeholders.</p> <p>For the purpose of establishing mechanisms for the sake of coordination between the AML/CFT Unit and the competent authorities in terms of AML/CFT, the Unit has taken the following procedures:</p> <ol style="list-style-type: none"> 1. The AML/CFT Unit signed Memoranda of Understanding with the regulatory and supervisory authorities (the Central Bank, the Insurance Commission and the Jordan Securities Commission) for determining the ways and scopes of cooperation between the Unit and those authorities in terms of exchanging expertise and facilitating the exchange of information for combating the ML crime. 2. The Unit also signed a Memorandum of Understanding with the Public Security Department, according to which a special section was established at the Public Security Directorate/the Preventive Security Dept./the Investment Protection Unit for AMICFT and coordinating with the Unit in terms of exchanging information in this regard. 3. A direct electronic link is present, facilitating the access of the Unit to the database of the Civil Status and Passport Department, which facilitates the Unit's performance of its duties with regard to investigating about the reported persons and companies with respect to the transactions suspected of being linked to ML or TF, in terms of the name, national number, their family members. Moreover,
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			<p>the utilization scope was extended by the Unit to include all the entities found in the database of the Civil Status & Passport Dept., whether they were Jordanians or from other nationalities within the database.</p> <p>4. The Unit also established in coordination with the Land & Survey Dept. a suitable mechanism through which the latter can provide the Unit with the necessary information for the purposes of verifying the source of funds of the suspect and whether those funds proceeding from selling lands or estates within a short period not exceeding two days. Thus, there is an indirect effectiveness on the database of the Land & Survey Dept.</p> <p>5. A direct electronic link is present, facilitating the access of the Unit to the database of the Companies Control Department, which facilitates the Unit's performance of its duties with regard to investigating about the reported persons and companies with respect to the transactions suspected of being linked to ML or TF, in terms of the name, national number, their family members and contributions.</p> <p>6. There is also a liaison officer from all the concerned authorities (the Central Bank of Jordan (Supervision on the Money Exchange System/Supervising the Money Exchange Businesses), the Ministry of Justice, the Ministry of Interior, the Public Security Directorate, the Ministry of Finance, the Land & Survey Department, the Customs Department, the Ministry of Social Development, the Insurance Commission, the Companies Control Department, the Ministry of Industry & Trading, the Jordan Securities Commission and the Aqaba Special Economic Zone) for AML/CFT to cooperate with the Unit and help it obtain the requested information that help it perform its duties.</p> <p>7. The Unit coordinated with the Jordan Post to establish a suitable mechanism through which the Group shall be able</p>
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			<p>to provide the Unit with the information requested</p> <p>8. The Unit coordinated with Jordan Telecom Group to establish a suitable mechanism through which the Group shall be able to provide the Unit with the information requested regarding telephone numbers.</p> <p>In order to promote the mechanisms of coordination with the supervisory authorities and other competent authorities, the Chief of Unit has issued on 5/7/2012 the Instructions no. 1 of 2012, "instructions for the means that ensure the provision of supervisory authorities and other competent authorities with any data or information available in the database of the Unit, same being issued pursuant to Paragraph (b) of Article 7 of Regulation no. 40/2009 – AML/CFT Regulation of the Unit and its amendments – whereas the aforementioned instructions stipulated that the supervisory authorities and other competent authorities shall, whenever they wish to obtain any of the information available at the Unit, submit a written request to the Unit, which clarifies the purpose of the request, the requested data, and the way of using any of both, and the parties concerned with the request (here attached).</p> <p>The Unit held bilateral meetings with such entities subject to the Law, whereas the Unit has met, between 2011 and 2012, with the reporting officers at banks, money exchange companies, financial intermediary companies, insurance companies, finance lease companies, and companies dealing in financial activities stipulated in the Law, in addition to gold and jewelry traders, and owners of real estate offices, and in the presence of representatives from the supervisory authorities, each within his competence, the Central Bank of Jordan, the Securities Commission, the Insurance Commission, the Ministry of Industry and Trade, the Companies Control Department and the Department of Lands and Survey.</p> <p>The aforementioned meetings aimed at tackling the latest news in the field of AML/CFT; during such meetings, all institutions of the financial sector and the designated non-financial businesses and professions were informed of the need to abide by the AML/CFT Law in force, particularly in terms of</p>
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			applying CDD measures and reporting ML/FT suspicious transactions.
	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • A clear mechanism should be adopted for national cooperation in combating terrorism financing. 	<p>After the law had been amended to include TF, all the mechanisms applied for AML/CFT shall apply to the local cooperation mechanisms in the TF field.</p> <p>In order to promote the mechanisms of coordination with the supervisory authorities and other competent authorities, the Chief of Unit has issued on 5/7/2012 the Instructions no. 1 of 2012, "instructions for the means that ensure the provision of supervisory authorities and other competent authorities with any data or information available in the database of the Unit, same being issued pursuant to Paragraph (b) of Article 7 of Regulation no. 40/2009 – AML/CFT Regulation of the Unit and its amendments.</p> <p>The aforementioned instructions stipulated that the supervisory authorities and other competent authorities shall, whenever they wish to obtain any of the information available at the Unit, submit a written request to the Unit, which clarifies the purpose of the request, the requested data, how to use any of both and the parties concerned with the request.</p>
32- Statistics	<ul style="list-style-type: none"> • The Jordanian authorities do not review on a regular basis the efficiency of their systems in fighting ML and TF. • No statistics are available on the received or submitted local and international assistance pertaining to AML/CFT. • No statistics are available on cross-border movement of currencies and bearer negotiable instruments. • No statistics are available on the exchange of information with local or international related institutions. 		<p>Enclosed are the following statistics:</p> <ol style="list-style-type: none"> 1. Th reports received by the Unit from the entities bound to report under the law (2007-2010). 2. The cases receive by the Unit from the regulational and supervisory authorities as well as the other competent authorities (2007-2010). 3. The official assistance requests submitted or received by the Unit to or from the counterpart units. 4. Sending the ML suspicious cases from the Unit to the competent judicial authorities and the procedures taken about them. 5. Cases of cross-border disclosure of the movable funds, the non-disclosure cases and the taken procedures. 6. The judicial assistance requests implemented according

			<p>to the International Convention for the Suppression of the Financing of Terrorism.</p> <p>7. The judicial assistance requests implemented according to the UN Convention against the Transnational Organized Crime.</p> <p>You may find here attached the following statistics:</p> <ol style="list-style-type: none"> 1- STRs received by the Unit from the entities that are subject to the reporting requirement by virtue of the La, between the period 2010-July 2012. 2- The cases received by the Unit from supervisory authorities and other competent authorities, between the period 2010 - July 2012. 3- The requests for official assistance lodged or received by the Unit to/from counterpart units. 4- The ML suspicious cases referred by the Unit to the competent judicial authorities and the procedures taken in their regard. 5- The cases where it is permitted / not permitted to transfer money across borders, and action taken. <p>With regard to the judicial assistance, the Ministry of Justice received a number of requests for judicial assistance in the field of AML/CFT (2010-2012) as follows:-</p> <ul style="list-style-type: none"> - One judicial assistance request which was referred to the Public Prosecutor for execution pursuant to the UN Convention against Transnational Organized Crime. - Two judicial assistance requests which were referred to the Public Prosecutor for execution pursuant to the UN Convention against Corruption. - One judicial assistance request which was referred to the Public Prosecutor for execution pursuant to the international
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			protocol. Three judicial assistance requests which were referred to the Public Prosecutor for execution pursuant to the AML/CFT Law.
33- Legal persons— Beneficial ownership	<ul style="list-style-type: none"> • Lack of evidence about the authorities' verification that the partners and the shareholders are the beneficial owners as well as ambiguity on how the authorities verify the information about the beneficial owners. • No access to required information in a timely manner. 	<ul style="list-style-type: none"> • Lack of evidence on how authorities could ensure that the partners and shareholders are the true beneficiaries as well as how they could verify the information on the true beneficiaries. 	<p>The Companies Control Department shall obtain a signed declaration upon the registration of any company, indicating that the signatory partner is the beneficiary and real owner of the shares registered for them in the company (enclosed).</p> <p>Pursuant to the provisions of article (71-83 bis-98) of the Companies Law No. (22) of 1997 and its amendments, the companies should prepare a special register for the company's shareholders, including the details of each partner, their share in the company, the transfers made on their shares and any report made on the shares. Article (274) of the same law permitted the perusal of the information pertaining to the registered companies, which makes the information requested on the beneficiaries available at any time (enclosed).</p>
	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Enable the obtainment of the requested information on the true beneficiaries at the right time. 	
International Co-operation			
35- Conventions	<ul style="list-style-type: none"> • Palermo Convention is not ratified. • Convention for the Suppression of the Financing of Terrorism is not fully implemented. 	<ul style="list-style-type: none"> • Ratify the Palermo Convention soon. 	<p>Association to the UN Convention Against Transnational Organized Crime (Palermo Convention) was ratified and published in the issue No, (4960) on 30/4/2009 (enclosed) of the official gazette. The Convention has become effective for the purposes requested from it and shall be beyond the national law in case of a conflict with it.</p> <p>Moreover, the Prevention and Suppression of Human Trafficking Act, especially the women and children, enclosed to the Convention was ratified and the ratification documents were kept at the UN Office for Crime and Drugs. The Prevention of Human Trafficking Law No. (9) of 2009 was passed in line with the Act (enclosed).</p> <p>The Kingdom has signed the Arab Convention against Money Laundering and the Financing of Terrorism, in the scope of the Arab League, and ratified the amendment of the third paragraph of Article 1 related to the definition of the terrorist crime by virtue of Ratification Law no. 4 of 2012 (attached).</p> <p>The Kingdom ratified as well the Arab Convention against Transnational Organized Crime by virtue of Ratification Law</p>

			<p>no. 18 of 2012 (attached). And the Kingdom ratified the Arab Convention against IT Crimes by virtue of Ratification Law no. 19 of 2011 (attached). Moreover, the Kingdom ratified the Arab Convention against Money Laundering and the Financing of Terrorism by virtue of Ratification Law no. 20 of 2011 (here attached). It is worth mentioning that a royal decree was promulgated to approve the regulation of sheltering human trafficking crimes victims and damaged people no. 30/2011, in application of Article 7 of the Law against Human Trafficking no. 9 of 2009 (here attached).</p>
	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Fully implement the Convention for the Suppression of the Financing of Terrorism. 	<p>The Convention for the Suppression of the Financing of Terrorism was ratified pursuant to law No. (83) of 2003, which is published in the official gazette in the issue No. (4606) on 16/3/2003 (enclosed) and several international judicial assistance requests were executed accordingly, according to the Kingdom's commitment to take part in the international efforts for combating terrorism globally as well as due to the importance of international cooperation in terms of exchanging expertise in combating this phenomenon, which is threatening security and peace of the nations.</p>
	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Set up laws, regulations or other measures to meet the requirements in UN Security Council resolutions on fighting terrorism financing. 	<p>Pursuant to item (2), paragraph (a), article (6) of the AML/CFT law in force, "the Committee shall undertake to follow-up with the competent authorities for the purposes of fulfilling the obligations under the relevant and enforceable international resolutions."</p> <p>Pursuant to paragraph (c), article (37) of the AML/CFT law in force, "the Committee shall set the necessary Instructions related to the enforcement of this law including the following:-</p> <p>c. Implementation of the obligations stipulated in international resolutions pursuant to the provisions of Item (2) of Paragraph (a) of Article (6) of this law.</p> <p>On 23/8/2010, the National AML/CFT Committee issued instructions No. (1 & 2) of 2010 for the implementation of the</p>

			obligations mentioned in the UNSCR 1373 and 1267 in addition to the other related resolutions and were published in the official gazette in the issue No. (5061) on 17/10/2010 (enclosed).
36 - Mutual Legal Assistance (MLA)	<ul style="list-style-type: none"> • Inadequate criminalization of ML and TF. • Deficiencies in the field of mutual legal assistance. • Lack of mechanism that reduces the time needed to respond to a mutual legal assistance request. • Lack of specific mechanisms for determining the best place for filing the case against the accused for the benefit of justice. 	<ul style="list-style-type: none"> • Extend the scope of mutual legal assistance to include providing the original copies of relevant files or documents or copies thereof and any other information or evidence; facilitating the voluntary presence of the persons for the purpose of providing information or giving testimony for the requesting country; identifying, freezing, seizing or confiscating the assets used or intended to be used as well as the means used in committing those crimes. 	<p>The execution of the judicial assistance requests is done pursuant to the presence of a bilateral or regional or international agreement that determines the scopes of providing judicial assistance. Since Jordan has joined the UN Convention Against Transnational Organized Crime and has become, which has become an integral part of its legal order as previously mentioned, it is bound to provide all forms of judicial assistance provided for in this Convention, which covers a large extent of the forms of mutual judicial assistance, which also apply to providing the forms of assistance mentioned in the Convention for the Suppression of the Financing of Terrorism, which was ratified by Jordan. Moreover, the door is open for the execution of any judicial assistance request pursuant to the rules of the comity of nations in case of the absence of bilateral or international or regional conventions, provided that the foregoing does not conflict with the Constitution or the laws or regulations applicable in the Kingdom.</p> <p>With regard to the judicial assistance, the Ministry of Justice received a number of requests for judicial assistance in the field of AML/CFT (2010-2012) as follows:-</p> <ul style="list-style-type: none"> - One judicial assistance request which was referred to the Public Prosecutor for execution pursuant to the UN Convention against Transnational Organized Crime”. - Two judicial assistance requests which were referred to the Public Prosecutor for execution pursuant to the UN Convention against Corruption. - One judicial assistance request which was referred to the Public Prosecutor for execution pursuant to the international protocol.

			Three judicial assistance requests which were referred to the Public Prosecutor for execution pursuant to the AML/CFT Law.
	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Set up efficient mechanisms to decrease the time required to reply to mutual legal assistance requests. 	The mutual legal assistance requests are dealt with and executed through the Public Prosecution whereas the Ministry of Justice sends those requests to the Public Prosecutor of Amman, who in turn sends them to the attorney general of Amman to execute them pursuant to the law. Thus, the procedures of executing the requests are judiciary and not administrative as applied in several judicial regulations. This way the legal securities for the parties requesting mutual legal assistance shall be provided. The speed of executing any judicial assistance request depends on the nature of the request in terms of the information intended to be presented in terms of obtaining documents or a testimony or the execution of the confiscation and inspection transactions or reporting the judicial documents, which are mostly reported within one week from being received, regardless of the presence or non-presence of a bilateral or multilateral agreement.
		<ul style="list-style-type: none"> • Create specific mechanisms to determine the best place to prosecute a case against the accused for the benefit of justice. 	Pursuant to article (5.1) of the Criminal Procedure Code No. (9) of 1961, "the public interest litigation shall be filed against the defendant before the court that has jurisdiction in the crime scene or the defendant's home or the place where they were arrested. No judicial authority may have priority over another except with regard to the date of filing the case against the defendant".
38 - Mutual Legal Assistance on confiscation and freezing	<ul style="list-style-type: none"> • No laws or measures exist for the quick and effective response to the mutual legal assistance requests submitted by foreign countries when the request pertains to properties of corresponding value • No special arrangements exist to coordinate the seizure and confiscation 	<ul style="list-style-type: none"> • Establish adequate laws and measures for the quick and effective response to mutual legal assistance requests submitted by foreign countries when the request pertains to properties of corresponding value. • Establish special arrangements for 	Pursuant to the AML/CFT law in force, the Jordanian judicial authorities shall be authorized to coordinate with the non-Jordanian judicial authorities whereas pursuant to article (22) of the law: "a- To achieve the intended purpose of this law, the Jordanian judicial authorities shall cooperate with the non Jordanian judicial authorities; in particular regarding judicial assistances

	<p>procedures with other countries.</p> <ul style="list-style-type: none"> • No consideration has been given to the creation of a fund for expropriated properties where all confiscated properties or part thereof will be deposited • Inadequate criminalization of ML and TF. 	<p>coordinating the seizure and confiscation procedures with the other countries.</p> <ul style="list-style-type: none"> • Consider the creation of a fund for expropriated assets where all confiscated properties or part thereof shall be deposited and used for health care, education or other adequate purposes. 	<p>and representations, extradition of the accused and convicted individuals, in addition to the requests of non Jordanian authorities of tracing, freezing or seizing the money related to money laundering or terrorist financing crimes or any proceeds thereof, pursuant to the rules set by the Jordanian laws, the bilateral or multilateral agreements ratified by the Kingdom, or on a reciprocal basis without prejudice to the rights of bona fide third party.</p> <p>c. For purposes of Paragraph (a) of this Article, freezing of money shall mean imposing temporary prohibition on transferring, exchanging, disposing of, moving, or assuming custody and temporary control on such money based on a decision issued by a competent court or authority.”</p> <p>Pursuant to article (23) of the same law:</p> <p>“a- The competent Jordanian judicial authorities may order the implementation of the requests of the competent non Jordanian judicial authorities to confiscate the proceeds subject to money laundering or terrorist financing crimes, in accordance with the rules set by the Jordanian laws and bilateral or multilateral agreements ratified by the Kingdom.</p> <p>b- The proceeds of the money to which a final confiscation judgment had been issued according to the provisions of this law, shall be distributed in accordance with the agreements concluded in this regard.”</p> <p>As the Ministry of Justice is aware of the importance of establishing bilateral, regional and international relationships with the nations and international organizations, an independent directorate dealing with international cooperation was formed and was chaired by a judge assisted by a and qualified staff trained on the international cooperation issues, especially the criminal issues. The organizational structure of the directorate was made (enclosed).</p> <p><i>In order to promote the bilateral cooperation with other states for the suppression of crimes and facilitation of relationships in the field of mutual legal assistance and extradition of fugitives accused of criminal offences or persons wanted for execution of</i></p>
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			<p>a sentence for having committed criminal offences, the Hashemite Kingdom of Jordan has signed the Extradition Agreement with the French Republic, and same was ratified by virtue of Ratification Law no. 5 of 2012 published in the Official Gazette, issue 1541, dated 16/2/2012 (here attached).</p> <p>Furthermore, the Agreement of Mutual Legal Assistance in the field of criminal matters was signed between Jordan and France, and same was ratified by virtue of Ratification Law no. 6 of 2012 published in the Official Gazette, issue 1541, dated 16/2/2012; the said agreement governs the issues of seizure and confiscation of crimes proceeds (here attached).</p> <p>And work is under process to amend the Law on Extradition of Criminals, while considering whether the law will include the special legal mechanisms in the international penal law.</p>
40- Other forms of cooperation	<ul style="list-style-type: none"> • Competent authorities do not have the powers to exchange information directly with counterparts and non-counterparts in the AML/CFT field. • Lack of statistics to show international cooperation in the field of exchange of information. 	<ul style="list-style-type: none"> • Give the competent authorities the right to exchange information directly with counterparts and non-counterparts in the AML/CFT field. 	<p>Pursuant to the provisions of article (19) of the AML/CFT law in force "the Unit shall have the right to exchange information with Counterpart Units on a reciprocal basis provided that the information shall be utilized only to prevent money laundering and terrorist financing, and provided that the approval of the Counterpart Unit that provided such information is obtained. The Unit shall have the right to sign memoranda of understanding with the Counterpart Units to organize cooperation in this regard."</p> <p>The Unit signed Memoranda of understanding with the counterpart units for strengthening international cooperation in terms of exchange of information, with:</p> <ul style="list-style-type: none"> - The Anti-money Laundering and Suspicious cases Unit in the UAE. - The Financial Crimes Investigation Board in the Republic of Turkey. - The Financial Follow Up Unit in the Palestinian National Authority. - The Institution Specialized in Combating Dangerous

			<p>Organized Crime in the UK.</p> <p>Based on the principle of promoting international cooperation with counterpart units, the Unit has signed, in the last two years, memoranda of understanding with:-</p> <ul style="list-style-type: none"> - The counterpart unit in South Africa. -The counterpart unit in Cyprus. -The Financial Intelligence Processing Unit in Algeria. -The AML/CFT Committee in Syria. -The counterpart unit in Ukraine. -The counterpart unit in Poland. -The AML/CFT Crimes Unit in Bahrain. -The AML Bureau in Iraq. -The FIU in KSA. - The FIU in Russia <p>With regard to joining Egmont Group, the representatives of the official sponsors of the Unit (counterpart unit in the United States, counterpart unit in Lebanon) have made an onsite visit in December 2011, during which they checked the efficiency of AML/CFT operational and legal system in the Kingdom, and made necessary recommendations to the communication team and the legal team of Egmont Group, and the adherence of the Kingdom to Egmont was approved by both aforementioned teams at a meeting held in Philippines in January 2012.</p> <p>On 11/7/2012, the 20th General Meeting of Egmont Group voted unanimously for the adherence of the Kingdom to Egmont Group, which will promote the mechanisms of cooperation and exchange of information with counterpart units through a secure electronic network.</p> <p>Pursuant to the AML/CFT law in force, the Jordanian judicial authorities shall be authorized to coordinate with the non-Jordanian judicial authorities whereas pursuant to article (22) of the law:</p> <p>“a- To achieve the intended purpose of this law, the Jordanian judicial authorities shall cooperate with the non Jordanian judicial authorities; in particular</p> <p>regarding judicial assistances and representations, extradition of the accused and convicted individuals, in addition to the requests of non Jordanian authorities of tracing, freezing or</p>
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			<p>seizing the money related to money laundering or terrorist financing crimes or any proceeds thereof, pursuant to the rules set by the Jordanian laws, the bilateral or multilateral agreements ratified by the Kingdom, or on a reciprocal basis without prejudice to the rights of bona fide third party.</p> <p>c. For purposes of Paragraph (a) of this Article, freezing of money shall mean imposing temporary prohibition on transferring, exchanging, disposing of, moving, or assuming custody and temporary control on such money based on a decision issued by a competent court or authority.”</p> <p>Pursuant to article (23) of the same law:</p> <p>“a- The competent Jordanian judicial authorities may order the implementation of the requests of the competent non Jordanian judicial authorities to confiscate the proceeds subject to money laundering or terrorist financing crimes, in accordance with the rules set by the Jordanian laws and bilateral or multilateral agreements ratified by the Kingdom.</p> <p>b- The proceeds of the money to which a final confiscation judgment had been issued according to the provisions of this law, shall be distributed in accordance with the agreements concluded in this regard.”</p> <p>The Ministry of Interior has concluded in 2011, on behalf of the Jordanian Government, security agreements with each of Spain, Italy, Bosnia and Herzegovina, which set the fields of cooperation including the AML/CFT (here attached).</p> <p>And in order to recover funds generated from corruption acts, there was formed a committee comprising the Committee against Corruption, the Secretary General of the Ministry of Justice and the Head of AML/CFT Unit, to constitute a focal point with member states in the UN Convention against Corruption to this effect.</p>
9 Special Recommendations			
SR.I Application of UN instruments	<ul style="list-style-type: none"> • Convention for the Suppression of the Financing of Terrorism is not implemented. • Absence of laws, regulations or other measures that meet the requirements under 	<ul style="list-style-type: none"> • Ratify the Palermo Convention soon. 	<p>Association to the UN Convention Against Transnational Organized Crime (Palermo Convention) was ratified and published in the issue No, (4960) on 30/4/2009 (enclosed) of the official gazette. The Convention has become effective for the purposes requested from it and shall be beyond the national</p>

	UN Security Council resolutions on the suppression and interdiction of terrorism financing.		<p>law in case of a conflict with it.</p> <p>Moreover, the Prevention and Suppression of Human Trafficking Act, especially the women and children, enclosed to the Convention was ratified and the ratification documents were kept at the UN Office for Crime and Drugs. The Prevention of Human Trafficking Law No. (9) of 2009 was passed in line with the Act (enclosed).</p> <p>The Kingdom also signed the Arab Anti-money Laundering and Combating Terrorism Financing Convention (enclosed).</p> <p>The Kingdom has signed the Arab Convention against Money Laundering and the Financing of Terrorism, in the scope of the Arab League, and ratified the amendment of the third paragraph of Article 1 related to the definition of the terrorist crime by virtue of Ratification Law no. 2 of 2012 (here attached).</p> <p>The Kingdom ratified as well the Arab Convention against Transnational Organized Crime by virtue of Ratification Law no. 18 of 2012 (here attached).</p> <p>And the Kingdom ratified the Arab Convention against IT Crimes by virtue of Ratification Law no. 19 of 2011 (here attached).</p> <p>Moreover, the Kingdom ratified the Arab Convention against Money Laundering and the Financing of Terrorism by virtue of Ratification Law no. 20 of 2011 (here attached).</p> <p>It is worth mentioning that a royal decree was promulgated to approve the regulation of sheltering human trafficking crimes victims and damaged people no. 30/2011, in application of Article 7 of the Law against Human Trafficking no. 9 of 2009 (here attached).</p>
		<ul style="list-style-type: none"> • Fully implement the Convention for the Suppression of the Financing of Terrorism. 	<p>Upon the amendment of the AML law in force, TF was criminalized pursuant to paragraph (b), article (3) of the AML/CFT law in force stipulating that "it shall be prohibited to provide, collect, insure obtaining or moving, by any means, whether directly or indirectly, funds, even from legitimate sources, to a terrorist, terrorist organization, commission, society or group or for a terrorist act, with the knowledge of such, whether such funds are used wholly or partially or not used, and regardless of whether such act has occurred or not."</p> <p>The said law includes the areas pertaining to CFT mentioned in the international recommendations and the UN Convention for the Suppression of the Financing of Terrorism. In terms of criminalizing and restricting the power of receiving the reports</p>

			<p>pertaining to TF in the Unit, binding the financial and non-financial entities to report the transactions suspected of being linked to TF, setting dissuasive sanctions for that and adding provisions pertaining to confiscation.</p>
		<ul style="list-style-type: none"> • Set up laws, regulations or other measures to meet the requirements in UN Security Council resolutions on fighting terrorism financing. 	<p>Pursuant to item (2), paragraph (a), article (6) of the AML/CFT law in force, "the Committee shall undertake to follow-up with the competent authorities for the purposes of fulfilling the obligations under the relevant and enforceable international resolutions."</p> <p>Pursuant to paragraph (c), article (37) of the AML/CFT law in force, "the Committee shall set the necessary Instructions related to the enforcement of this law including the following:-</p> <p>c. Implementation of the obligations stipulated in international resolutions pursuant to the provisions of Item (2) of Paragraph (a) of Article (6) of this law.</p> <p>On 23/8/2010, the National AML/CFT Committee issued instructions No. (1 & 2) of 2010 for the implementation of the obligations mentioned in the UNSCR 1373 and 1267 in addition to the other related resolutions and were published in the official gazette in the issue No. (5061) on 17/10/2010 (enclosed).</p> <p>The Technical Committee held two meetings regarding Resolution 1267, at which the lists issued pursuant to SC Resolutions 1988 (2011) and 1989 (2011) related to Resolution 1267 and pertinent resolutions were adopted, and the draft guide of instructions no. 1 of 2010 was considered; the same was prepared by the Unit in coordination with the members of the Technical Committee, and included several provisions, among which the procedures to be respected by the subject entities in case of names were matching or similar, and the principles of determining assets and branches, and the principles of handling the requests of the Technical Committee for freezing funds or economic resources, or lifting the same, along with the procedures to be followed by such entities in the event where names are matching or similar.</p> <p>And the Technical Committee held two meetings to discuss the principles to be adopted for preparing a national list of the</p>

			names of terrorist persons and organizations, pursuant to SC Resolution 1373 (2001), and for establishing a practical mechanism to execute the provisions of Instructions no. 2 in this regard.
SR.II Criminalization of the financing of terrorism	<ul style="list-style-type: none"> • TF does not include the act carried out by a terrorist organization or a terrorist. • Non-clarity of the funds concept. • Failure to determine a dissuasive and proportionate sanction for natural and legal persons. • Inability to measure the effectiveness of the CFT legal system due to the lack of statistics. 	<ul style="list-style-type: none"> • Expand the framework of the criminalization of TF in order to cover the act which might be carried out by a terrorist organization or a terrorist to be consistent with the UN Convention for the Suppression of the Financing of Terrorism. 	TF was criminalized whereas the act committed by the terrorist organization or association or group or the terrorist person pursuant to paragraph (a), article (3) of the AML/CFT law in force stipulating that "it shall be prohibited to provide, collect, insure obtaining or moving, by any means, whether directly or indirectly, funds, even from legitimate sources, to a terrorist, terrorist organization, commission, society or group or for a terrorist act, with the knowledge of such, whether such funds are used wholly or partially or not used, and regardless of whether such act has occurred or not."
		<ul style="list-style-type: none"> • Clarify the funds concept according to the UN Convention for the Suppression of the Financing of Terrorism. 	TF was criminalized in the AML/CFT law in force and the definition of funds mentioned in the law shall apply to the TF subject in line with the content of the evaluation methodology, whereas paragraph (a), article (2) of the law defined funds as "any in-kind or right which has material value in dealing, legal documents and instruments in whatever form including electronic or digital forms which indicate the ownership or interest in such money including bank accounts, financial securities, commercial papers, traveler's cheques, remittances, letters of guarantee and letters of credit, regardless of the means of obtainment."
		<ul style="list-style-type: none"> • Determine a dissuasive and proportionate sanction for natural and legal persons who commit the TF crime. 	Regarding determining a dissuasive and proportionate sanction for natural and legal persons, article (24) of the AML/CFT law stipulated that "without prejudice to any severer penalty stipulated in the Penal Code or any other law:- a- 1- Anyone who committed or has attempted to commit a money laundering crime as stipulated in this law, shall be penalized by imprisonment for a period not less than one year and not more than three years, and with a fine of not less than the same amount of the money subject to the crime if the money was the proceeds of committing a misdemeanor. 2- Anyone who committed or has attempted to commit a money laundering crime as stipulated in this law, shall be penalized by

			<p>hard labor for a period not less than five years and with a fine of not less than the same amount of the money subject to the crime, if the money was the proceeds of committing a felony.</p> <p>3- Anyone who committed or has attempted to commit a terrorist financing crime as stipulated in this law, shall be penalized by temporary hard labor for a period not less than ten years and with a fine of not less than one hundred thousand Dinars in addition to confiscating the money and all the used or intended to be used instruments.</p> <p>b- The accomplice, accessory and instigator shall be punished with the same penalty as imposed to the principal offender.</p> <p>e- In all cases, the penalty shall be doubled in the event of recurrence.”</p> <p>Article (26) of the AML/CFT law in force stipulated that:</p> <p>“a- In addition to the provisions of Article (24) of this law, in-kind proceeds or money equivalent in value shall, in all cases, be confiscated if it was difficult to seize or execute the same or if it was disposed of to bona fide third party.</p> <p>b- If the proceeds are mixed with other assets earned from legitimate sources, such assets shall be subject to confiscation as stated in this Article within the limits of the estimated value of the proceeds and its products.”</p> <p>Article (31) of the AML/CFT law in force stipulated that:</p> <p>“Without prejudice to any severer penalty stipulated in any other legislation, the legal person shall be responsible for the crimes committed by the person in charge of the actual management of the legal person in violation of the provisions of this law, regulations, instructions and decisions issued by virtue thereof any of such. The fines as stipulated in this Law shall be imposed on the legal person.</p> <p>b- Subject to the provisions of the Banks Law and the other legislation in force, the court may cease the operations of the legal person, wholly or partially, for a period not less than one month and not more than one year if the legal person committed any of the crimes stipulated in this law. In the event of recurrence, the court may order to cancel the registration of the legal person or liquidate it.</p> <p>Any person found to be personally responsible for committing</p>
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			any of such crimes, whether being the chairman of the board, chief executive officer, member of the board of directors, manager or any partner therein, as the case may be, shall be prevented from participating or contributing in the capital of any other legal person with similar objectives or be a part in the management thereof."
SR.III Freezing and confiscation of terrorist funds	<ul style="list-style-type: none"> • Lack of a legal system governing procedures for freezing funds and assets of the persons whose names are mentioned pursuant to UNSCR 1267. • Lack of effective laws and procedures for freezing terrorist funds or other assets of persons designated pursuant to UNSCR 1373. • Lack of laws and effective procedures for studying and executing measures taken pursuant to the freezing mechanisms in other countries. • Lack of evidence on the effectiveness of the procedures related to freezing pursuant to the SC resolutions. 	<ul style="list-style-type: none"> • Set up a legal system that governs the procedures of freezing of the funds and properties of persons listed pursuant to UNSCR 1267. 	<p>On 23/8/2010, the National AML/CFT Committee issued instructions No. (1 & 2) of 2010 for the implementation of the obligations mentioned in the UNSCR 1373 and 1267 in addition to the other related resolutions and were published in the official gazette in the issue No. (5061) on 17/10/2010. Pursuant to these instructions, "a Committee called the "Technical Committee for the Implementation of Security Council Resolution No. 1267 (1999) and Other Relevant Resolutions " shall be formed under the chairmanship of the Unit Head and membership of Legal Departments' Directors or those of the same level in each of the Ministry of Foreign Affairs, Ministry of Interior, the Ministry of Justice, General Intelligence Department, the Public Security Directorate, the Central Bank of Jordan, the Land & Survey Department, the General Customs Department and the Companies Control Department. The instructions determined the duties of the Committee and the legal quorum for its meetings and taking decisions, including issuing its decisions by the method of passing.</p> <p>The instructions also stipulated the importance of keeping the secrecy and not disclosing of the information in any form whatsoever except for the purposes of implementing these instructions information including the disclosure of the source of such information.</p> <p>The instructions addressed the details pertaining to freezing "Without Delay the funds or economic resources for the named persons and entities and /or monies of the persons and entities that work on their behalf, for their interest or under their directions including the other monies and economic resources that are derived or generated from properties owned or controlled directly or indirectly by these persons or entities linked with them. The Technical Committee may freeze the</p>

			<p>monies of ascendants, descendants and spouse of any of the named persons if it deems justified provided that the Technical Committee is informed of the action taken in this respect.</p> <p>The instructions stipulated that the rights of bona fide third parties should be observed upon implementing any of the freezing proceedings.</p> <p>Pursuant to these instructions, all financial and non-financial parties should resort to the unified list upon conducting any transaction or entering into a new relation with any person to ascertain the non-insertion of his name on the unified list. In the event of mentioning a conforming or similar name, these parties are required to freeze his monies and economic resources and immediately inform the Technical Committee of the action taken in this respect.</p> <p>All financial and none financial parties shall undertake not to make available any monies or economic resources whether directly or indirectly to any person or entity named in the unified list or to the interest of either one of them.</p> <p>In some extraordinary cases, the instructions approve the utilization of part of the frozen monies or economic resources to meet the necessary needs to cover the basic expenses to cover the extraordinary expenses or reasonable professional fees or to cover other extraordinary expenses, pursuant to the Technical Committee's decisions according to the a request from the named person or whoever represents them.</p> <p>The financial entities should ensure that all amounts resulting from the conclusion of any contracts, agreements or liabilities or arose prior to the date on which the nomenclature of the natural or corporate person was made include the profits and interests provided that all these amounts are subjected to freezing.</p> <p>Pursuant to the instructions, the Technical Committee may lift of freezing of the funds and economic resources which were frozen and which belong to persons or entities the funds of either one thereof were frozen and existence of similarity was discovered between the names of these persons or entities and named names or entities.</p> <p>All the financial and non-financial entities should provide the</p>
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			<p>Technical Committee with any information that would assist in implementing the provisions of these instructions.</p> <p>Pursuant to the instructions the Technical Committee shall communicate with the Sanctions Committee in order to insert the name of a natural or corporate person in the unified list, and the Committee was subject to the procedures to be taken by the natural or corporate person for deleting their name from the unified list. The Technical Committee also provides the Sanctions Committee with any additional information it has on any of the mentioned natural or corporate persons.</p> <p>The Technical Committee held two meetings regarding Resolution 1267, at which the lists issued pursuant to SC Resolutions 1988 (2011) and 1989 (2011) related to Resolution 1267 and pertinent resolutions were adopted, and the draft guide of instructions no. 1 of 2010 was considered; the same was prepared by the Unit in coordination with the members of the Technical Committee, and included several provisions, among which the procedures to be respected by the subject entities in case the names were matching or similar, and the principles of determining assets and branches, and the principles of handling the requests of the Technical Committee for freezing funds or economic resources, or lifting the same, along with the procedures to be followed by such entities in the event where names are matching or similar.</p>
		<ul style="list-style-type: none"> • Promulgate laws and effective procedures for freezing terrorist funds and other assets of persons designated pursuant to UNSCR 1373. 	<p>On 23/8/2010, the National AML/CFT Committee issued instructions No. (1 & 2) of 2010 for the implementation of the obligations mentioned in the UNSCR 1373 and 1267 in addition to the other related resolutions and were published in the official gazette in the issue No. (5061) on 17/10/2010.</p> <p>Pursuant to these instructions, “a Committee called the “Technical Committee for the Implementation of Security Council Resolution No. 1267 (1999) and Other Relevant Resolutions “ shall be formed under the chairmanship of the Unit Head and membership of Legal Departments’ Directors or those of the same level in each of the Ministry of Foreign Affairs, Ministry of Interior, the Ministry of Justice, General Intelligence Department, the Public Security Directorate, the Central Bank of Jordan, the Land & Survey Department, the General Customs Department and the Companies Control</p>

			<p>Department. The instructions determined the duties of the Committee and the legal quorum for its meetings and taking decisions, including issuing its decisions by the method of passing.</p> <p>The instructions also stipulated the importance of keeping the secrecy and not disclosing of the information in any form whatsoever except for the purposes of implementing these instructions information including the disclosure of the source of such information.</p> <p>The Technical Committee shall prepare and approve a list according to the provisions of these instructions of the names of terrorist persons, terrorist organizations and of any natural or corporate person who owns, controls, works in the name, for the interest or under the direction of a terrorist organization.</p> <p>Pursuant to the instructions, the Technical Committee shall “and without delay” circulate to the control, supervisory, security and administrative parties as well as to any concerned party to take the necessary measures for freezing of funds or economic resources of the terrorist persons or terrorist organizations or any funds for the persons who work on their behalf or for their interest or under their direction including the other funds and economic resources from which properties owned or controlled, directly or indirectly, by such persons or by those tied with them, are derived or generated. The Technical</p> <p>In some extraordinary cases, the instructions approve the utilization of part of the frozen monies or economic resources to meet the necessary needs to cover the basic expenses to cover the extraordinary expenses or reasonable professional fees or to cover other extraordinary expenses, pursuant to the Technical Committee’s decisions according to the a request from the named person or whoever represents them.</p> <p>The financial entities should ensure that all amounts resulting from the conclusion of any contracts, agreements or liabilities or arose prior to the date on which the nomenclature of the natural or corporate person was made include the profits and interests provided that all these amounts are subjected to freezing.</p> <p>Pursuant to these instructions, all financial and non-financial</p>
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			<p>parties should resort to the unified list upon conducting any transaction or entering into a new relation with any person to ascertain the non-insertion of his name on the unified list. In the event of mentioning a conforming or similar name, these parties are required to freeze his monies and economic resources and immediately inform the Technical Committee of the action taken in this respect.</p> <p>All the financial and non-financial entities should provide the Technical Committee with any information that would assist in implementing the provisions of these instructions.</p> <p>Pursuant to the instructions the Technical Committee shall communicate with the Sanctions Committee in order to insert the name of a natural or corporate person in the unified list, and the Committee was subject to the procedures to be taken by the natural or corporate person for deleting their name from the unified list. The Technical Committee also provides the Sanctions Committee with any additional information it has on any of the mentioned natural or corporate persons.</p> <p>Committee may freeze the funds of ascendants, descendants and spouse of any of the terrorist persons if such action is deemed justified by it, provided that the Technical Committee is informed of the action taken in this regard.</p> <p>The Technical Committee shall receive the objections submitted to it on the freezing measures of funds and economic resources and should consider the rights of bona fide third parties upon executing any of the freezing proceedings.</p> <p>The Technical Committee shall study the other countries' requests pertaining to freezing funds or economic resources for persons living in the Kingdom, in addition to the deletion requests sent to it by the competent authorities, the other countries and concerned persons.</p> <p>And the Technical Committee held two meetings to discuss the principles to be adopted for preparing a national list of the names of terrorist persons and organizations, pursuant to SC Resolution 1373 (2001), and for establishing a practical mechanism to execute the provisions of Instructions no. 2 in this regard.</p>
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		<ul style="list-style-type: none"> Promulgate laws and effective procedures for studying and executing measures taken pursuant to the frozen mechanisms in other countries. 	<p>Regarding the freezing requests pursuant to resolutions issued by the Security Council, article (9) of instructions No. (2) of 2010 of the instructions for implementing the obligations mentioned in the SCR 1371/2001 and the other related resolutions stipulated that:</p> <p>a. The Technical Committee shall receive the incoming applications to the competent authorities in the Kingdom from other countries with respect to freezing of funds or economic resources of persons residing in its territories.</p> <p>b. The Technical Committee shall study such applications according to the proceedings provided for in these instructions and the Technical Committee should finalize the study of application within seven working days from the date of its receipt.</p> <p>c. In the event of the Technical Committee's approval of any of the applications referred to under paragraph (a) hereof, the funds or economic resources shall be frozen "without delay" according to the proceedings provided for in these instructions.</p> <p>d. The Applicant country shall be informed of the acceptance or rejection of the freezing application as well as of the measures taken accordingly.</p> <p>The implementation of these requests freezing requests sent by other countries other than the previous case shall be done under an international convention in which the Kingdom and the applicant country are parts of, or under a bilateral convention between the applicant country and the Kingdom.</p> <p>In case of the absence of any international or bilateral conventions between the applicant country and the Kingdom, the judicial authorities of the latter shall study the request sent by the judicial authorities of the applicant country. In case the act from which the funds requested to be frozen proceeded is a crime pursuant to the national legislations in the Kingdom, these funds shall be frozen on a reciprocal basis.</p>
SR.IV Suspicious transaction reporting	<ul style="list-style-type: none"> AMLU is not responsible for receiving FT STRs. Absence of any obligations in a primary or delegated legislation to report 	<ul style="list-style-type: none"> Be more precise as for the primary crimes in the field of money laundering crime, so that they cover the minimum level of crimes stipulated under R.1. 	<p>Regarding the predicate crimes' inclusion of the entire twenty crimes and the importance of criminalizing them to be covered by the predicate crimes, the provisions of paragraph (a), article (4) of the AML/CFT law were amended as follows:</p> <p>"a- Every Fund that generates from any of the crimes indicated</p>

	suspicious transactions or transactions related or connected to terrorism financing. Reference is only made to the measures applied in case of transactions connected to a terrorist activity.		<p>below shall be considered the subject of money laundering:-</p> <p>1- Any crime punishable pursuant to the provisions of the valid legislation in the Kingdom.</p> <p>2- Crimes, the proceeds of which are considered, according to the provisions of international agreements ratified by the Kingdom, as a subject of a money laundering crime.”</p> <p>After item (1), paragraph (a), article (4) of the law was amended to become “any crime punished pursuant to the provisions of the legislations in force in the Kingdom” instead of “any crime punished by a felony”, the crimes scope was expanded to include the felonies and misdemeanors punished in the Kingdom and, thus, the 20 crimes mentioned in the methodology were included, which is obvious in the crime list and the legal provisions criminalizing the 20 crimes as predicate crimes of ML (enclosed).</p>
		<ul style="list-style-type: none"> • AMLU should be the only competent authority authorized to receive STRs related to ML/FT. 	<p>Pursuant to paragraph (a & b), article (7) of the same law:</p> <p>a- A Unit called the (Anti Money Laundering and Counter Terrorist Financing Unit) shall be established as a financially and administratively independent unit and shall be associated with the Governor of the Central Bank of Jordan.</p> <p>b. The Unit shall be responsible for receiving the notifications stated in Item (3) of Paragraph (a) of Article (14) of the law in relation to any transaction suspected to be related to money laundering or terrorist financing and requesting information related thereto, analyzing and investigating such, as well as providing the competent authorities with such information, when necessary, for the purposes of anti money laundering and counter terrorist financing.</p> <p>Moreover, article (33) of the same law stipulated that “any provision related to money laundering or terrorist financing crimes stipulated in any other legislation contrary with the provisions of this law shall not be enforced.” Thus, the provisions of article (93) of the Banks Law No. (28) of 2000 is not effective anymore in terms of AML/CFT.</p> <p>In addition, pursuant to item (3), paragraph (a), article (14) of</p>

			the AML/CFT law in force and the provisions of the regulatory and supervisory authorities monitoring the financial and non-financial entities (each within its respective competence), the financial and non-financial entities should notify the Unit of any transactions suspected of being linked to ML or TF
		<ul style="list-style-type: none"> • Obligations stipulated in the Law should apply to all financial institutions in terms of reporting any suspected FT transactions. • The reporting range must be expanded to cover reporting in the event where the funds are related or connected to or could be used for terrorist purposes or by terrorist organizations or institutions which finance terrorism. 	<p>Pursuant to item (3), paragraph (a), article (14) of the same law, the entities subject to the provisions of the law shall “notify the Unit immediately of any transaction suspected to be related to money laundering or terrorist financing whether such transaction is conducted or not, by the means or the form approved by the Unit, and maintain a copy of the notification, documents, legal instruments, data, and information related thereto for a period of not less than five years or until a final judicial verdict is issued regarding such transaction, whichever is longer.”</p> <p>TF was criminalized whereas the act committed by the terrorist organization or association or group or the terrorist person pursuant to paragraph (a), article (3) of the AML/CFT law in force stipulating that “it shall be prohibited to provide, collect, insure obtaining or moving, by any means, whether directly or indirectly, funds, even from legitimate sources, to a terrorist, terrorist organization, commission, society or group or for a terrorist act, with the knowledge of such, whether such funds are used wholly or partially or not used, and regardless of whether such act has occurred or not.”</p>
		<ul style="list-style-type: none"> • The control and supervisory role of the financial sector’s supervisory authorities must be strengthened in a way that supports the financial institutions compliance with the 	<p>Pursuant to the AML/CFT law in force, the regulatory authorities should establish the means and methods that enable verifying the compliance of the entities subject to their supervision with AML/CFT, whereas pursuant to paragraphs (b & c), article (18) of the AML/CFT law in force:</p> <p>“b- The regulatory and supervisory authorities shall undertake</p>

		reporting obligation.	<p>to establish and provide means necessary to verify the compliance of the entities subject to the provisions of this law with the provisions stated therein, regulations, instructions and decisions issued by virtue thereof, in addition to the issuance of the necessary instructions pursuant to the provisions of this law.</p> <p>c- The authorities stated in Paragraph (a) of this Article shall comply with the following:-</p> <p>1- Taking the necessary procedures and means to exchange information and coordinating with the Unit regarding anti money laundering and counter terrorist financing.</p> <p>2- Immediately notifying the Unit should, in the course of performing their competences in accordance with the provisions of the legislation in force, suspicion of money laundering or terrorist financing is established. The Unit may notify such authorities of the procedures undertaken in accordance with the provisions of this law, if deemed necessary.”</p> <p>Moreover, the regulatory and supervisory authorities over the financial institutions subject to the provisions of the AML/CFT law verify that the financial institutions comply with the AML/CFT instructions through periodical inspection tours and including the results and comments in the inspection report so that the inspection covers the recommendations pertaining to taking CDD and keeping records in addition to notifying the Unit of the transactions suspected of being linked to ML/TF, as well as the compliance of the institutions with implementing the SC?RES/1267 & 1373. In case of discovering cases suspected of being linked to ML or TF during the inspection, the Unit shall be notified of them, whereas the number of cases suspected of being linked to ML or TF received by the Unit by the regulatory and supervisory authorities is 18 during 2007-2010.</p> <p>Pursuant to paragraph (b), article (25) of the same law, the entities subject to the law shall be punished in case they did not abide by notifying the Unit of the transactions suspected of being related to ML and FT. Whereas article (25) stipulated that:</p> <p>b. “whoever violates the provisions of Item (3) of Paragraph (a) of Article (14) of this law shall be penalized with imprisonment for a period not exceeding one year, or with a fine of not less</p>
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			<p>than ten thousand Dinars and not more than one hundred thousand Dinars or by both penalties.”</p> <p>Pursuant to the instructions issued for the financial institutions (banks, money exchange companies, insurance companies, security companies and financial leasing companies, companies providing financial activities, companies providing postal services), the certified public accountant should verify that the aforesaid financial institutions apply the AML/CFT instructions as well as the soundness of the policies and procedures followed by the financial institutions in this respect and shall include the results in his report submitted to the administration and shall inform the regulatory entity, as soon as discovered, of any violation to these Instructions</p> <p>The Central Bank of Jordan did in 2011 and the first quarter of 2012, the following:</p> <ul style="list-style-type: none"> - Onsite inspection of 15 licensed banks, whereas, as an integral part of these missions, there was verified the compliance of the competent banks with the AML/CFT Instructions, and the findings, whether violations or observations, were included in the inspection reports, and relevant effects were reflected on the classification of the banks based on the applicable classification principles. - Warning penalty was addressed to three banks due to their violation of the aforementioned instructions, two of which were asked to provide the Central Bank with a time schedule for rectification of said violations. - Three of the banks were alerted of the need to comply with the aforementioned instructions, whereas the same violated some provisions of AML/CFT Instructions. <p>During the onsite inspection visits, two ML suspicious cases were detected and the Central Bank of Jordan reported the same to the AML/CFT Unit, and another case was detected during the offsite follow-up, and the Central Bank of Jordan reported</p>
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			<p>the same to the AML/CFT Unit.</p> <p>The Central Bank of Jordan issued a circular to all banks operating in the Kingdom on 3/7/2012, providing for the need to comply thoroughly with the AML/CFT Instructions no. 51/2010, while taking necessary measures to urge their customers to update their data.</p> <p>The Inspection Department at the Money Exchange Supervision Department – Central Bank of Jordan checks onsite the existence of internal control and monitoring systems at the money exchange companies requesting affiliates, while rating the fulfillment of AML/CFT requirements.</p> <p>The Inspection Department at the Money Exchange Supervision Department – Central Bank of Jordan has made 104 inspection visits in 2011 to money exchange companies, and in the period between 1/1/2012 and 15/7/2012, 55 inspection visits were paid to money exchange companies.</p> <p>The number of money exchange companies, which showed signs of weakness in implementing the AML/CFT instructions during the inspection visits, was 22, and the same were notified in written of such weak points, and onsite verification was made to check their rectification thereof.</p> <p>The Securities Commission has made, from the beginning of 2011 till the month of July 2012, 60 inspection visits to entities under its supervision, whereas a specialized examination team of the Commission inspects the entities subject to AML/CFT instructions, and peruses the forms of customers' accounts opening, and compliance thereof with the due diligence procedures, in addition to perusing CDD measures and policy adopted by such entities with the customers, before and during the relation, the way of updating relevant data and conformity thereof with the AML/CFT Instructions in the field of securities.</p> <p>The inspection team peruses as well the procedures taken by the aforementioned entities to check the accuracy of the data provided by the natural and the legal person. The inspection team detected, during the inspection visits made to such entities that some of them did not comply with AML/CFT instructions,</p>
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			<p>and proper action was taken against them.</p> <p>The inspection team verified as well if the aforesaid entities establish and apply necessary procedures to avoid all such risks related to the misuse of indirect non face-to-face dealing with the customer, whereas the inspection team detected some entities that are failing to comply with Article 8 of the Instructions, and proper action was taken against them.</p> <p>The inspection team peruses the customer's and beneficial owner's identification data records, which means that they verify the preparation and maintenance of the same by these entities; and the inspection team checks as well the internal system of the entity pursuant to Article 13 of the Instructions.</p> <p>The Securities Commission issued a circular to all financial intermediary companies on 30/7/2012 by virtue of the letter of the President of the Commission's Delegates Board, providing for the need to abide by AML/CFT Instructions in the field of securities activities for the year 2010.</p> <p>The Insurance Commission has made, from the beginning of 2011 till the month of July 2012, 11 inspection visits to insurance companies, whereas the Insurance Commission checks the compliance of entities subject to its control with AML/CFT Instructions in the insurance field, and relevant findings and observations were included in the inspection report. The inspection covered the recommendations related to CDD measures taken for customers' identification and verification with the application of due diligence and record keeping, and the abidance of such entities by UNSCRs 1267 and 1373.</p> <p>Furthermore, an inspection guide was prepared regarding the transactions that may entail ML/FT cases in the insurance activities, and the inspectors of the Commission were trained on the mechanism of using the guide in question in the inspection process.</p> <p>Inspection visits were made to 9 companies in 2011 and 2 companies in 2012 in order to check compliance of such companies with the AML/CFT Instructions regarding insurance activities; notices were addressed to the aforementioned companies concerning the violations they made. The Insurance</p>
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			<p>Commission follows up the corrective actions taken by the same to avoid such violations in the future.</p> <p>With regard to the supervision of the sectors of financial leasing and financial activities stipulated in Law, the Companies Control Department has increased the human resources by delegating 18 employees from different departments to work at the Companies Control Department, in addition to 19 trainees already existing, in order to promote the efficiency of legal and financial control over companies; the financial leasing companies include as well a legal accountant, who is required to report to the Companies Control Department any violation made by the company to AML/CFT Instructions issued to financial leasing companies of 2011 and any breach of the Act of Companies.</p> <p>To confirm the role of the Companies Control Department as a supervisory authority controlling financial leasing companies and financial institutions registered therewith, said Department has referred, since the beginning of 2012, 20 public shareholding companies to the public prosecutor for failure to register the Land in their name, and 1 company for breach of Article 191 of the Act of Companies (failure to distribute profits to shareholders), and the Department referred 17 reports of audit committees related to companies.</p>
		<ul style="list-style-type: none"> • Increase training efforts, and especially training related to financial analysis and the identification of suspected transactions. 	<p>The Banking Studies Institute has held several training workshops in terms of AML/CFT for the employee of the banks and money exchange companies to introduce them to the international recommendations and standards pertaining to AML/CFT, and the importance and role of the AML/CFT Unit (enclosed).</p> <p>The Institute of Banking Studies has organized, in years 2011 and 2012, 8 training sessions to the sector of banks and money exchange companies, which were attended by 179 participants. Said training sessions were related to AML/CFT, the international standards and pertinent applications at the local level in the field of AML/CFT (here attached).</p> <p>Furthermore, the Institute of Banking Studies signed a memorandum of understanding with ACAMS on 3/4/2012, by virtue of which the Institute organized a training program which</p>

			<p>included 28 participants from different institutions of the banking sectors to obtain the CAMS certificate.</p> <p><u>Banking Sector</u></p> <p>The AML/CFT instructions No. (51/2010) has lent the subject of increasing the training efforts in the banking sector special interest whereas article (9), item (eighth) of these instructions stipulated, “setting continuous training plans and programs for the staff operating in the field of anti money laundering and counter terrorist financing transactions with special attention to be paid to money laundering and terrorist financing methods, detecting, and reporting the same as well as ways of handling suspicious customers. Records of all training programs shall be maintained for no less than five years and shall include the names of trainees, their qualifications and the training body, whether inside or outside the Kingdom.”</p> <p>Pursuant to article (11.3) of the same instructions, “the bank shall educate the staff of the necessary information about: -</p> <ol style="list-style-type: none"> 1- Anti Money Laundering and Counter Terrorist Financing Law in force, regulations, instructions and decisions issued pursuant to any of them. 2 - Patterns suspected to be related to money laundering and terrorist financing transactions contained in the annexed guidance manual, and use it as a tool to educate the staff. 3 - Notification procedures for transactions that are suspected of being related to money laundering or terrorist financing. 4 - Policies, rules, procedures and internal controls established by the Bank to combat money laundering and terrorist financing.” <p>Between the years 2010 and 2012, several banks operating in the Kingdom have sent their employees to participate in about 236 local and international workshops related to AML/CFT and other pertinent subjects, like bank forgery and fraud, also many banks had recourse to the e-learning method in order to train and test their employees electronically in the field of AML/CFT.</p> <p>During onsite inspection visits made to 15 licensed banks, the Central Bank of Jordan checked the compliance of concerned banks with AML/CFT Instructions, and reviewed the records of</p>
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			<p>training sessions organized by these banks to their employees, in addition to assessing the conformity of the training material with the instructions requirements, and whether the training programs covered all employees of the bank, especially the new ones, and if pertinent findings were included in the report.</p> <p><u>Money Exchange Sector</u></p> <p>Pursuant to article (11) of the AML/CFT instructions for the money exchange companies, "the moneychanger shall set continuous training plan and programs for the operatives in the field of anti money laundering and counter terrorism financing. Such programs shall include, methods of money laundering, means of discovery and report, how to deal with suspicious customers and maintenance of records for all training programs being during a period of no less than five years. Such records shall include the names and qualifications of trainees and the party, which conducted the training program, whether in The Kingdom or abroad."</p> <p>Between 2010 and 2012, several money exchange companies operating in the Kingdom have organized about 42 AML/CFT training workshops to their employees.</p> <p>The Companies Control Department at the Central Bank of Jordan conducted inspection visits to check the compliance of money exchange companies with AML/CFT Instructions issued by the Central Bank of Jordan, including the existence of specialized training programs and plans in the field of AML/CF intended for the employees of the money exchange companies, and resulting findings were included in the inspection report.</p> <p><u>Securities Sector</u></p> <p>Pursuant to article (13) of the AML/CFT law for the AML/CFT instructions in the securities activities, "the internal anti-money laundering and counter terrorist financing system:</p> <p>Subject Parties shall adopt an appropriate system that includes the policies, procedures, and internal controls needed to counter money laundering and terrorist financing operations. Said system shall include the following:</p> <p>5. Training programs necessary for different levels of employees, and commitment to attend the training courses</p>
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		<p>supervised by the Commission and/ or the Unit. “ Pursuant to article (19) of the same instructions, “subject Parties shall acquaint its employees with the following:</p> <ol style="list-style-type: none"> 1. The text of the Anti Money Laundering and Counter Terrorist Financing Law in force and the instructions issued pursuant thereto. 2. The guidelines for identifying patterns suspected to fall within money laundering and terrorist financing operations. 3. Reporting procedures of transactions suspected to be related to money laundering or terrorist financing.” <p>The Jordanian Securities Commission holds training and qualification sessions for the liaison officers of the financial services companies, including a course on AML/CFT, whereas a training session as held in the Commission on 5/7/2009 (enclosed).</p> <p>Between 2010 and 2012, financial brokerage companies have sent their employees to participate in ten training programs and workshops related to AML/CFT and fraud crimes.</p> <p>Moreover, the Securities Commission checks, during inspection visits, the compliance of such entities under its control with establishing internal systems that include AML/CFT policies and procedures, while verifying the existence of training programs to their employees and perusing such sessions and pertinent certificates, pursuant to Article 13 and 19 of AML/CFT Instructions.</p> <p><u>Insurance Sector</u></p> <p>Training workshops on AML/CFT and the international recommendations issued in this regard (enclosed) were held for the workers of the insurance companies.</p> <p>In 2011, the insurance companies trained their employees through 13 specialized training workshops in the field of AML/CFT.</p> <p>The Insurance Commission checks the compliance of such entities under its control with AML/CFT instructions in terms of insurance activities, and includes pertinent findings and observations in the inspection report; the inspection process consists in verifying if the insurance companies are sending</p>
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			<p>their employees to AML/CFT specialized training sessions and programs.</p> <p><u>Financial Leasing Sector</u> Pursuant to article 913) of the AML/CFT instructions for the financial leasing companies for 2011, “the company shall set a suitable internal by-law comprising the internal policies, bases, procedures and controls which shall be available for combating money laundering and terrorist financing transactions, provided it includes the following:- b. The company shall take the necessary procedures to involve its concerned employees in training programs in the field of combating money laundering and terrorist financing transactions.”</p> <p><u>Sector of Financial Activities:</u> Paragraph (e) of Article 11 of AML/CFT Instructions no. 3 of 2011 issued to the entities that deal in any financial activity stipulated in Law, provides for the following:- e- Provide their employees with necessary information about:- 1- The applicable AML/CFT Law, pertinent regulations, and the instructions and resolutions issued by virtue thereof. 2- The patterns that are suspected of being related to ML/FT. 3- The procedures of reporting ML/FT suspicious transactions. 4- The internal policies, principles, procedures and controls adopted by the entities in order to fight ML/FT cases.</p> <p><u>Sector of Postal Services:</u> Paragraph (e) of Article 8 of AML/CFT Instructions no. 1 of 2012 issued to entities that provide postal services stipulates the following:- “The post operators shall:- e- Provide their employees with necessary information about:- 1- The applicable AML/CFT Law, pertinent</p>
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			<p>regulations, and the instructions and resolutions issued by virtue thereof.</p> <ol style="list-style-type: none"> 2- The patterns that are suspected of being related to ML/FT. 3- The procedures of reporting ML/FT suspicious transactions. 4- The internal policies, principles, procedures and controls adopted by the post operator in order to fight ML/FT cases. <p>Moreover, the training of all the entities subject to the provisions of the law was included in the Kingdom's technical assistance matrix sent to the MENAFATF for 2010, covering many main aspects of AML/CFT.</p> <p>The Unit held bilateral meetings with such entities subject to the Law, whereas the Unit has met, between 2011 and 2012, with the reporting officers at banks, money exchange companies, financial intermediary companies, insurance companies, financial leasing companies, and companies dealing in financial activities stipulated in the Law, in addition to gold and jewelry traders and owners of real estate offices, and in the presence of representatives from the supervisory authorities, each within his competence, the Central Bank of Jordan, the Securities Commission, the Insurance Commission, the Ministry of Industry and Trade, the Companies Control Department and the Department of Lands and Survey. The aforementioned meetings aimed at tackling the latest news in the field of AML/CFT; during such meetings, all institutions of the financial sector and the designated non-financial businesses and professions were informed of the need to abide by the AML/CFT Law in force, particularly in terms of CDD measures and reporting ML/FT suspicious transactions.</p>
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		<ul style="list-style-type: none"> • Increase awareness among the exchange companies and bureaus to address their STRs to the AMLU and not to the security agencies. 	<p>Pursuant to item (3), paragraph (a), article (14) of the same law, the entities subject to the provisions of the law shall “notify the Unit immediately of any transaction suspected to be related to money laundering or terrorist financing whether such transaction is conducted or not, by the means or the form approved by the Unit, and maintain a copy of the notification, documents, legal instruments, data, and information related thereto for a period of not less than five years or until a final judicial verdict is issued regarding such transaction, whichever is longer.”</p> <p>Pursuant to paragraph (b), article (8) of the AML/CFT instructions for the money exchange companies, “If the MLRO learns of any transaction related to or could be related to anti money laundering and counter terrorism financing, whether it took place or not, he should immediately notify the Unit according to the approved form and means. He should cooperate with the Unit and provide it with the required data, records, and documents to perform its job in timely manner.”</p> <p>Thus, all the money exchange companies shall be bound to notify the Unit exclusively of all the transactions suspected of being linked to ML/TF.</p> <p>On 16/5/2012, the Unit held a meeting with the money exchange companies, in the presence of representatives from the Central Bank/Companies Control Department, and the Head and members of the Syndicate of Money Changers, in order to discuss the latest news about the AML/CFT regulations, and the importance of applying the AML/CFT instructions in force issued by virtue of the AML/CFT Law, in addition to explaining the main clauses of such instructions. The meeting tackled in particular the need to apply CDD measures when making money exchange transactions with the customers, and the obligation of the reporting officers to report to the AML/CFT Unit while treating all reports confidentially.</p> <p>To confirm the role of the Unit as the only competent authority to receive STRs, the Unit has received, from the beginning of 2011 till the month of July 2012, 40 STRs from money exchange companies.</p>
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SR.V International co-operation	<ul style="list-style-type: none"> • Inadequate criminalization of TF. • Deficiencies in the field of mutual legal assistance. • Lack of mechanisms that reduce the time needed to respond to a mutual legal assistance request. • The authorities depend on dual criminality to provide mutual legal assistance, even with respect to less interfering measures. • No laws or measures exist for the quick and effective response to the mutual legal assistance requests submitted by foreign countries when the request pertains to properties of corresponding value • No special arrangements available for coordinating the seizure and confiscation procedures with the other countries 		<p>The execution of the judicial assistance requests is done pursuant to the presence of a bilateral or regional or international agreement that determines the scopes of providing judicial assistance. Since Jordan has joined the UN Convention Against Transnational Organized Crime and has become, which has become an integral part of its legal order as previously mentioned, it is bound to provide all forms of judicial assistance provided for in this Convention, which covers a large extent of the forms of mutual judicial assistance, which also apply to providing the forms of assistance mentioned in the Convention for the Suppression of the Financing of Terrorism, which was ratified by Jordan. Moreover, the door is open for the execution of any judicial assistance request pursuant to the rules of the comity of nations in case of the absence of bilateral or international or regional conventions, provided that the foregoing does not conflict with the Constitution or the laws or regulations applicable in the Kingdom.</p> <p>The mutual legal assistance requests are dealt with and executed through the Public Prosecution whereas the Ministry of Justice sends those requests to the Public Prosecutor of Amman, who in turn sends them to the attorney general of Amman to execute them pursuant to the law. Thus, the procedures of executing the requests are judiciary and not administrative as applied in several judicial regulations. This way the legal securities for the parties requesting mutual legal assistance shall be provided. The speed of executing any judicial assistance request depends on the nature of the request in terms of the information intended to be presented in terms of obtaining documents or a testimony or the execution of the confiscation and inspection transactions or reporting the judicial documents, which are mostly reported within one week from being received, regardless of the presence or non-presence of a bilateral or multilateral agreement.</p> <p>The AML/CFT law in force vested the Jordanian judicial authorities to cooperate with the non-Jordanian judicial authorities, whereas article (22) of the law stipulated that “to achieve the intended purpose of this law, the Jordanian judicial authorities shall cooperate with the non Jordanian judicial authorities; in particular regarding judicial assistances and</p>
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			<p>representations, extradition of the accused and convicted individuals, in addition to the requests of non Jordanian authorities of tracing, freezing or seizing the money related to money laundering or terrorist financing crimes or any proceeds thereof, pursuant to the rules set by the Jordanian laws, the bilateral or multilateral agreements ratified by the Kingdom, or on a reciprocal basis without prejudice to the rights of bona fide third party.</p> <p>b- For purposes of Paragraph (a) of this Article, freezing of money shall mean imposing temporary prohibition on transferring, exchanging, disposing of, moving, or assuming custody and temporary control on such money based on a decision issued by a competent court or authority.”</p> <p>Pursuant to article (23) of the same law:</p> <p>“a- The competent Jordanian judicial authorities may order the implementation of the requests of the competent non Jordanian judicial authorities to confiscate the proceeds subject to money laundering or terrorist financing crimes, in accordance with the rules set by the Jordanian laws and bilateral or multilateral agreements ratified by the Kingdom.</p> <p>b- The proceeds of the money to which a final confiscation judgment had been issued according to the provisions of this law, shall be distributed in accordance with the agreements concluded in this regard.”</p> <p>As the Ministry of Justice is aware of the importance of establishing bilateral, regional and international relationships with the nations and international organizations, an independent directorate dealing with international cooperation was formed and was chaired by a judge assisted by a and qualified staff trained on the international cooperation issues, especially the criminal issues. The organizational structure of the directorate was made (enclosed).</p> <p><i>In order to promote the bilateral cooperation with other states for the suppression of crimes and facilitation of relationships in the field of mutual legal assistance and extradition of fugitives accused of criminal offences or persons wanted for execution of a sentence for having committed criminal offences, the Hashemite Kingdom of Jordan has signed the Extradition Agreement with the French Republic, and same was ratified by</i></p>
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			<p>virtue of Ratification Law no. 5 of 2012 published in the Official Gazette, issue 1541, dated 16/2/2012 (here attached). Furthermore, the Agreement of Mutual Legal Assistance in the field of criminal matters was signed between Jordan and France, and same was ratified by virtue of Ratification Law no. 6 of 2012 published in the Official Gazette, issue 1541, dated 16/2/2012; the said agreement regulates the issues of seizure and confiscation of crimes proceeds (here attached).</p> <p>And work is under process to amend the Law on Extradition of Criminals, while considering whether the law will include the special legal mechanisms in the international criminal law.</p>
SR.VI AML/CFT obligations applicable to money or value transfer services	<ul style="list-style-type: none"> • Insufficient regulation of money transfer activity 	<p>Regulate money transfer activities in a more detailed manner by clarifying the different aspects that exchange companies can work in, in addition to putting more accurate and detailed information on the duties that these companies should comply with, as source, intermediary or beneficiary institutions with respect to transfers they handle.</p>	<p>A new draft law for the money exchange businesses was prepared, determining the businesses the moneychanger should exercise pursuant to the license granted to them from the Central Bank of Jordan. The businesses include sending and receiving financial transfers in all currencies. Moreover, the AML/CFT instructions for the money exchangers were amended, whereas article (5) of the instructions stipulated the moneychanger's obligations in connection with the transfers sent and received by the moneychanger or if he was engages a an intermediary in a transfer in terms of providing full data and information; rating the risk level in case the details and information of the transfers were not provided; and providing the official authorities and the transferors with the requested information as per the rules.</p> <p>Article No. (5): Transfers</p> <p>a- The provisions of this article shall apply to transfers in the sums exceeding J.D seven hundred or any equivalent amount in other currency, which is sent or received by the Moneychanger subject to these instructions.</p> <p>b- Moneychanger's obligations with connection to the transfer:</p> <p>1- The Money Exchanges should undertake customer due diligence procedures mentioned in Article (3) of this regulation which states that the Moneychanger must obtain complete originator information which include: originator name, nationality, permanent address of residence, purpose of the transfer, national number or the identification document number, nationality for Jordanians and passport number for</p>

			<p>non-Jordanians.</p> <p>2- The Moneychanger should be able to provide the beneficiary party and the relevant authorities with all required information within three business days of receiving a request.</p> <p>3- The Moneychanger should be able to respond immediately upon the request of relevant official authorities to inform the same of such information.</p> <p>4- Inability of the moneychanger to obtain the information referred to in clause (1) above, shall be a reliable indicator for moneychanger when assessing the existence of a suspicious transaction and notifying the Unit thereof.</p> <p>5-</p> <p>a- The Moneychanger should adopt effective procedures to deal with transfers lacking complete originator information, based on the risk degree of such transfers; such procedures include, for example, the request of incomplete information from the originator bank or Moneychanger.</p> <p>b- In case of incomplete information, the Moneychanger should undertake the necessary procedures, based on risk degree, including the refusal of the transfer.</p> <p>6- If the Moneychanger is engaged as intermediary of a transfer rather than being an originator or a beneficiary Moneychanger, then it must ensure that all information that accompanies a transfer is retained with the transfer.</p> <p>7- Where technical limitations prevent the Moneychanger from retaining the information accompanying a transfer, it should maintain the information as it is received for five years regardless of the information's completeness, and the Moneychanger should be able to provide the available information to the beneficiary bank or Moneychanger within three business days of receiving the request.</p> <p>8- If the intermediary Moneychanger received incomplete originator information, then it should inform the beneficiary party when conducting the transfer.</p> <p>9- If the Moneychanger conducts transfers via banks on behalf of its costumers, it should provide the bank with the originator's due diligence documents and information.</p>
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SR.VII Wire transfer rules	<ul style="list-style-type: none"> • Lack of effective monitoring on the compliance of banks with the rules and regulations relating to the application of this recommendation. • Lack of clarity on the effectiveness of the financial institutions application of the obligations relating to the recommendation in the absence of adequate supervision. • Lack of clarity of the sanctions that could be imposed in cases of violation of the instructions. 	<ul style="list-style-type: none"> • Provisions or mechanisms should be developed to ensure effective monitoring of FIs compliance with the rules and regulations relating to the application of SR.VII, and to ensure that the external auditors verify that the banks have applied these instructions; and the adequacy of policies and procedures applied by the banks to this end. 	<p><u>Banking Sector</u> <u>Article (6) of the AML/CFT instructions No. (51) of 2010 stipulated that:</u> First: Scope of Application 1- Provisions of this article shall apply to electronic transfers above 700 JD or its equivalent in foreign currencies. 2- Provisions of annexing stipulated in paragraph (4) of items Second and Forth of this article shall exclude the following: a- Electronic transfers resulting from transactions made using credit or debit cards, provided that all electronic transfers resulting from these transactions are connected to the number of the credit or debit cards. b- Electronic transfers where the ordering customer and the receiver is a bank acting for its own interest. 10 Second: Ordering Bank's Obligations 1- The bank shall obtain full information about the ordering customer, including: name of the ordering customer, account number, national number or identity number and nationality for non- Jordanians in addition to undertake customers due diligence procedures mentioned in article (3) of these instructions. 2- In case the ordering customer has no account with the bank, the bank shall establish a system according to which the ordering customer shall have a distinct reference number. 3- The bank shall apply verification procedures to all information according to the standards and procedures stipulated for in article (3) before sending the transfer. 4- The bank shall annex with the transfer all the data stated in paragraphs (1) and (2) of this item. 5- With regard to transfers sent in one batch, the ordering bank shall annex the account number of the ordering customer or the distinct reference number thereof in case the same has no account provided that: a- The bank shall keep full information about the ordering customer as stipulated for in paragraphs (1) and (2) of this item.</p>
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			<p>b- The bank shall be able to provide the receiving bank and the competent official authorities with the full required information within three business days from the date of receiving the request therefore.</p> <p>c- The bank shall be able to respond immediately to any order by the relevant competent official authorities that require having access to such information.</p> <p>d- The bank shall ensure that non routine transfers shall not be sent within one batch, in cases that may raise the risks of money laundering and terrorist financing transactions.</p> <p><u>Article 11: Final Provisions</u></p> <p>Second: The bank shall include the agreement signed with the external auditor (Engagement Letter) requiring the auditor to make sure that the bank is fully implementing these instructions and the adequacy of the bank policies and procedures relating thereto, and 14 include the results of that in his report to the management with the need to inform the Central Bank immediately upon discovering of any violation of these instructions.</p> <p>In application of Clause (Second) of Article 11 of AML/CFT Instructions no. 51/2010, the Central Bank of Jordan/Banking Supervision Department was provided, during the year 2011 and the first quarter of 2012 with 17 reports from external auditors (related to 15 banks), on the extent of adequacy of policies and procedures at such banks in terms of implementing the aforementioned Instructions; said reports were considered and concerned banks were contacted to discuss any violations or observations therein for correction thereof; also the Central Bank of Jordan checked and followed up, through the onsite inspection teams, the measures taken by the banks in question to correct the violations and observations included in the external auditor report.</p> <p>The Central Bank of Jordan was provided as well with all materials that prove the inspection process made by the external auditor for 8 other banks, and the reports are under completion.</p> <p>Furthermore, a circular was addressed to all banks operating in</p>
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			<p>the Kingdom, by virtue of CBJ Governor's letter no. 10/2/4/5167 dated 9/5/2012 (attached), which provides for the need to respect Article 11/Second of the aforementioned Instructions, and providing the CBJ with the reports of the external auditor upon completion thereof.</p> <p><u>Money Exchange Sector</u></p> <p>Moreover, the AML/CFT instructions for the money exchangers were amended, whereas article (5) of the instructions stipulated the moneychanger's obligations in connection with the transfers sent and received by the moneychanger or if he was engages a an intermediary in a transfer in terms of providing full data and information; rating the risk level in case the details and information of the transfers were not provided; and providing the official authorities and the transferors with the requested information as per the rules.</p> <p>Article No. (5): Transfers</p> <p>a- The provisions of this article shall apply to transfers in the sums exceeding J.D seven hundred or any equivalent amount in other currency, which is sent or received by the Moneychanger subject to these instructions.</p> <p>b- Moneychanger's obligations with connection to the transfer:</p> <p>1 The Money Exchanges should undertake customer due diligence procedures mentioned in Article (3) of this regulation which states that the Moneychanger must obtain complete originator information which include: originator name, nationality, permanent address of residence, purpose of the transfer, national number or the identification document number, nationality for Jordanians and passport number for non-Jordanians.</p> <p>2- The Moneychanger should be able to provide the beneficiary party and the relevant authorities with all required information within three business days of receiving a request.</p> <p>3- The Moneychanger should be able to respond immediately upon the request of relevant official authorities to inform the same of such information.</p> <p>4- Inability of the moneychanger to obtain the information referred to in clause (1) above, shall be a reliable indicator for</p>
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			<p>moneychanger when assessing the existence of a suspicious transaction and notifying the Unit thereof.</p> <p>5-</p> <p>a- The Moneychanger should adopt effective procedures to deal with transfers lacking complete originator information, based on the risk degree of such transfers; such procedures include, for example, the request of incomplete information from the originator bank or Moneychanger.</p> <p>b- In case of incomplete information, the Moneychanger should undertake the necessary procedures, based on risk degree, including the refusal of the transfer.</p> <p>6- If the Moneychanger is engaged as intermediary of a transfer rather than being an originator or a beneficiary Moneychanger, then it must ensure that all information that accompanies a transfer is retained with the transfer.</p> <p>7- Where technical limitations prevent the Moneychanger from retaining the information accompanying a transfer, it should maintain the information as it is received for five years regardless of the information's completeness, and the Moneychanger should be able to provide the available information to the beneficiary bank or Moneychanger within three business days of receiving the request.</p> <p>8- If the intermediary Moneychanger received incomplete originator information, then it should inform the beneficiary party when conducting the transfer.</p> <p>9- If the Moneychanger conducts transfers via banks on behalf of its costumers, it should provide the bank with the originator's due diligence documents and information.</p> <p>Pursuant to article (10) of the same instructions, "the Moneychanger shall embed in the contract entered into with chartered accountant some items that obligates the chartered accountant to apply this regulation, evaluate the adequacy of policies and procedures concerning anti money laundering and counter terrorism financing, and include the findings to his report. The Central Bank shall be informed promptly if the chartered accountant discovers any violation to this regulation."</p>
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		Remove the current confusion regarding the authority to impose sentences in accordance with the AML Law and other laws regulating the relevant supervisory bodies.	<p>The confusion about the power of posing penalties was settled through the AML/CFT law in force, whereas pursuant to article (30) of the same law, any violation to any of the provisions of this law, regulations, instructions and decisions issued by virtue thereof for which a penalty is not specified in the law, the offender shall be fined with not less than one thousand Dinars and not more than ten thousand Dinars. The fine shall be doubled in the event of recurrence; where the violation is repeated for more than twice, the fine shall be doubled up to the maximum limit.</p> <p>Moreover, article (33) of the same law stipulated that “any provision related to money laundering or terrorist financing crimes stipulated in any other legislation contrary with the provisions of this law shall not be enforced.”</p>
SR.VIII Nonprofit organizations	<ul style="list-style-type: none"> • No law covers problems related to ML and TF vis-à-vis supervision and recordkeeping in charitable associations. • Number of inspectors is not sufficient. • Number of trained persons in this sector is not sufficient. • No specific period for maintaining records by charitable associations. 	<ul style="list-style-type: none"> • Expedite the implementation of the new law pertaining to charitable associations, as the current law does not cover problems related to ML and TF vis-à-vis supervision and recordkeeping. • 	<p>Pursuant to the legislations of the Hashemite Kingdom of Jordan, all types of associations shall be registered and the official institutions should begin with the association’s works, pursuant to article (16) of the Jordanian “Constitution” (enclosed the provisions of the article), stipulating that Jordanians are entitled to establish societies and political parties provided that the objects of such societies and parties are lawful, their methods peaceful, and their by-laws not contrary to the provisions of the Constitution, provided that the law regulates the method of forming societies and controlling their resources. The new “Societies Law” No. (51) of 2008 dated 16/9/2008 and its amendments dated 15/12/2009 (enclosed). Pursuant to this law, the “Special Societies Law” of 2010 (enclosed), “the regulation determining the provisions of the Articles of Associations of societies” of 2010 (enclosed), the instructions of the ministry competent with societies of 2010 (enclosed), the instructions of settling the societies’ situations of 2010 (enclosed) and the instructions for expenditure ad supporting societies from the moneys of the fund for supporting societies of 2011 (enclosed).</p>

			<p>Pursuant to article (4) of this law, a registry called the “Societies Registry”, managed by a Board of Directors chaired by the Minister of Social Development and the Secretary-General of societies in addition to several representatives of the competent ministries and the volunteering sector shall be members of this registry.</p> <p>Article (2) of this law defined the relevant ministry as “the ministry or the official public foundation determined by the Board of Directors to supervise the society and monitor its affairs pursuant to the requirements of this law”.</p> <p>Pursuant to this law the societies are divided into different classes, whereas article (3.a.1) defined the word “society” as “any legal person comp group of persons not less than 7, registered pursuant to the provisions of this law to provide services or undertake activities on a volunteer, non-profit basis, without seeking any profit or gain for any of its members, or for any person in particular, and without seeking to realize the political goals of any political parties.”</p> <p>Pursuant to article (3.a.2), the expression “private society” means the society the membership of which shall include a group of people not less than 3 and not more than 20.</p> <p>Article (3.a.3) defined the “closed society” as the society the membership of which shall include one or more members and the financial resources of which shall limited to the donations it receives from any founding member for the purpose of enabling it to achieve its objectives”.</p> <p>Any legal person registered pursuant to the provisions of any previous legislation is considered to be registered according to this law:</p> <ol style="list-style-type: none"> i. The societies and unions registered pursuant to the provisions of the Law on Societies and Social Groups No. 33 of 1966 and its amendments. ii. Any legal person, whatever his form, who was registered pursuant to the provisions of the effective Law on Cultural Preservation. iii. Any society registered according to the provisions of the Law on the Environment. iv. Any society registered according to the provisions of the Law on Tourism.
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			<p>v. Non-profit companies registered according to the provisions of the Law on Companies.</p> <p>vi. Any society, entity, or Society given the name "Society" pursuant to the provisions of this law and which has been registered pursuant to any legislation currently in force.</p> <p>Pursuant to the new law, the Ministry chosen by the Board of Directors of the Registry of the societies as a competent ministry the duty of supervising and following up the societies against the previous law, whereas the regulatory mission over the societies was restricted to the Ministry of Social Development.</p> <p>The new law stipulated explicit legal provisions concerning funding whether local or foreign, which was restricted in terms of the source of funding, the purpose of funding, the forms of spending and the procedures to be followed in this regard.</p> <p>Pursuant to article (17) of the law:</p> <p>“A. Pursuant to paragraphs (b & c) of this article, the Society must take the procedures mentioned in paragraph of this article, provided that the society declares in its annual report any grants or donations which it obtained and must register in its financial records the name of the donor or funder, the amount donated or funded, the purpose for which it will be spent and any relevant conditions.</p> <p>B. If the donation or funding is granted by a non-Jordanian person, the society must follow the procedures mentioned in par. (c) of this Article, provided that the donation or funding satisfies the following conditions:</p> <ol style="list-style-type: none"> 1. The source of donation or funding shall be legal and in line with the public order or the morals. 2. The conditions set by the donors or the funders shall not violate the provisions of this law and the Articles of Association of the society. 3. The donation or funding is spent for the purpose for which it was granted. <p>C- 1. If the society wanted to get donation or funding from a non-Jordanian person, it must notify the Council of Ministers of that, provided that the notification includes the donor or funder, the amount granted, the method of receipt, the purpose on</p>
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			<p>which it will be spent and any relevant conditions. In the case of the absence of a decision in the matter after thirty (30) days from the date of its receipt, the application will be deemed legally granted.</p> <p>2- If the Council of Ministers issues a decision rejecting donation or funding within the duration mentioned in item1 of this paragraph,</p> <p>The society should refrain from receiving the donation or funding and this decision shall be revocable at the Supreme Justice Court according to the effective legislations.</p> <p>D. If the Society has obtained any donation, contribution or funding in violation of Paragraph (b) or (c) of this Article, then the Council of Ministers may transfer the donation or funding to the Fund, unless the donor refused that, in addition to any penalties or measures provided for in this law and in the other effective legislations.”</p> <p>Article (19.a.3 & 4) vested the relevant minister with the power to appoint a temporary Board of Directors for the society, to replace the society’s Board provided that one or more members of its Board whenever it is possible in case the society has accepted any donation, support, or funding from any source, disclosing it or registering it in its financial records and reports. Pursuant to article (20.b.2), the Board may according to the recommendation of the relevant minister issue a justified decision to dissolve the Society many cases such as if the society retains or uses a donation or funding from non-Jordanians in contrast with the provisions of paragraph ©, article (17) of this law.</p> <p>The new law did not cover only the administrative procedures with regard to funding, but article (26) of this law stipulated that he will be punished by a decision by the competent court:</p> <ol style="list-style-type: none"> 1. Anyone who assumed the administration of the Society’s funds and spent them in contrary to the society’s aims and goals, will be punished by a fine not less than one hundred (100) dinars and not more than one thousand (1000) dinars, as well as another fine equivalent to the value of damage. 2. Anyone who agrees to receive any contribution, support or funding from Jordanian persons, and without declaring the
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			<p>funds or entering them into the records of the society will be punished by a fine not less than one thousand (500) dinars and not more than ten thousand (5000) dinars.</p> <p>3. Anyone who keeps or uses contributions or funding presented to the society from non-Jordanians and does not declare the funds or enter them into the records of the society, or in the case of keeping or using said funds despite of being denied by the relevant minister is subject to a fine not less than one five hundred dinars and not more than five thousand dinars.</p> <p>B. This law does not deny the implementation of any severer penalty mentioned in any other law.</p> <p>The new law included some legal provisions binding the societies to determining the sources of funding for the society as well as the way to manage its financial affairs in addition to monitor and audit it, such as article (7.b.8) of the law and the regulation determining the provisions of the Articles of Association of societies of 2020 whereas article (7) of the regulation bound the society in its Articles of Association to declare the society's sources of funding and incomes, the way of managing its financial affairs, monitoring and auditing it provided that the expenditures are approved by a decision from the Board of Directors for achieving the society's objectives and purposes and managing its affairs and keeping the financial records which should be used according to the rules of keeping accounting books.</p> <p>Moreover, article (10) of the same regulation bound the society to add legal provisions to the society's Articles of Association for regulating its financial affairs as follows:</p> <ol style="list-style-type: none"> Beginning and end of the society's fiscal year. Society's sources of funding and incomes. The way of of managing its financial affairs, monitoring and auditing it provided that the expenditures are approved by a decision from the
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			<p>Board of Directors for achieving the society's objectives and purposes and managing its affairs.</p> <p>d. The financial records which should be used according to the rules of keeping accounting books.</p> <p>Article (14.a.5) of the new law also bound the societies to keep financial records that show the Society's revenues and its expenses.</p> <p>Moreover, article (17.e) of the law bound the society to deposit all of its funds in one of the public banks in Jordan, and these accounts may not be secret against any inquiry submitted on them from the relevant minister or the Counselor of the Registry, regardless of what has been stated in any other law.</p> <p>Pursuant to the new law, "A fund called "Fund for Support of Societies" will be established in the Ministry, aiming to support societies. It will enjoy financial and administrative independence, as well as legal personality and will possess both movable and immovable property and to invest them in the way it deems appropriate. Pursuant to article (22.c), the aspects of expenditures and support for societies from the Fund's money are determined based on criteria and conditions made by the by the Council of Ministers in accordance with directives issued for this purpose. The Administrative Committee of the Fund is responsible for disbursement in accordance with these directives.</p> <p>No doubt that the establishment of a fund for support of societies contributes in helping the societies achieve their purposes and objectives and fund their projects via a local source.</p> <p>The main guide for associations was issued on 28/5/2011 (attached), it stipulates in Article 31 thereof that the associations shall apply CDD measures for identification of donors, or the association services' beneficiaries, and shall verify their legal status, relevant activity, the purpose of relationship with the association, the nature of the relationship, and the beneficial owner of the relationship between such persons and the association, if existing, and the associations shall not deal with anonymous or fictitious names or with shell</p>
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			<p>banks or corporations.</p> <p>The regulation provided as well for the need to immediately report to the Secretary General of the Register of Associations any ML/TF suspicious transaction, and for keeping a copy of the report with relevant documents, data and information for a period not less than 5 years from the date of the report or until a final court judgment is rendered in this regard, whichever is longer.</p> <p>The regulation stipulated also that the associations shall respect and abide by such obligations referred to in pertinent and applicable international resolutions, those circulated to the association by the Secretary General of the Register of Associations or the competent authorities.</p> <p>Announcements were published several times in different daily newspapers, stating that all non-profit organizations, associations, syndicates and entities shall settle their situations in accordance with the amended law, and on the deadline set for associations to settle their situations i.e. by 15/12/2012; 1727 associations out of 2115 settled their situations.</p> <p>The associations' database was updated, whereas additional information was added related to administrative and financial data, the activities, the business offices and the correct updated addresses.</p>
		<ul style="list-style-type: none"> • Increase the number of inspectors as the current number is not commensurate with the number of registered associations. 	<p>Following the issuance of the new law, the scope of the entities in charge of supervising and monitoring the societies' works and activities expanded, whereas the different ministries specialized in monitoring and supervising their societies and their works, in addition to inspectors and the internal control units in the ministries in addition to the social researchers working in the social development directorates and districts in all the governorates and of the Kingdom, exceeding 110 employees divided over 42 social development directorates in different areas of the Kingdom.</p> <p>The businesses of the Society's Registry Department is being automated and computed in December 2010. This program includes the competent ministries and the social development directorates. The automation program is expected to be finished at the end of October 2011 and is expected to be more accurate</p>

			<p>in monitoring the societies affiliated with the different competent ministries and directorates. It is beneficial in facilitating the work of inspectors, decreasing the error factor, unifying the procedures adopted by the different official institutions, among other benefits.</p> <p>In application of the resolution of the Minister of Social Development, specialized investigation and audit committees, formed of the Ministry employees, made several onsite visits, whereas a total of 137 onsite inspection visits were made to associations in 2010, compared to 163 in 2011.</p>
		<ul style="list-style-type: none"> • Train the employees in this sector. 	<p>After the new Societies Law had been issued in addition to the regulations and instructions issued by virtue thereof, raising awareness on the societies' legislations began in 2010 and the work on settling the societies' situations in line with the provisions of the new law began. In March 2011, the Societies Registry prepared three training workshops for 75 participants (enclosed) on the societies' work and the role of the competent ministries and the social development directorates in monitoring and supervising the competent societies, in addition to subjecting those societies to administrative and financial control as per the best international practices as well as the foreign and local funding provisions in the effective legislations. A decent space was allocated for the AML/CFT Unit in the workshops for discussing its work and the legislations governing their implementation. The training workshops will be followed by more specialized sessions and workshops in the future, which will work on educating the workers and the societies on the ML/TF risks within their future plans for this year.</p> <p>A special part was allocated for training regarding the charitable societies and non-regulatory entities on the societies regarding AML/CFT within the technical assistance matrix presented by the Kingdom for the MENAFATF in 2010.</p> <p>The Ministry of Social Development sent 88 employees to many training programs in 2011, and the Secretary General of the Register of Associations participated, along with an employee of the Unit, in the meeting of experts entitled (Misuse of non-profit organizations for operations related to financing</p>

			<p>of terrorism), held in January 2011 in London and organized by CTED.</p> <p>The Unit organized, in cooperation with MENAFATF and the Charity Commission in the UK, a regional workshop in December 2011 entitled (Towards a good governance of the sector of non-profit organizations and compliance with SR VIII), which was attended by a number of the region states, in addition to a number of the employees of the Ministry of Social Development, the Register of Associations and the Ministry of Interior, those charged with the monitoring and supervision of non-profit organizations.</p> <p>In 2012, the Ministry of Social Development sent 37 employees to various training programs.</p> <p>The Secretary General of the Register of Associations is expected to participate in a training program for capacity consolidation in the region, which will be held in cooperation with the Charity Commission in the UK between 8 and 10 of October 2012.</p>
		Require associations to maintain its records for a minimum period of five years.	Paragraph (b), article (31) of the Articles of Association of the societies stipulated "keeping records and legal instruments to document the local and international financial transactions to include sufficient data to identify such transactions; as well as maintaining such records, documents, legal instruments, data and information including customer's due diligence data and beneficiary owners for not less than five years from the date of completion of the transaction or the date of termination of the business relationship, as the case may be, which shall be updated periodically (enclosed)."
SR.IX Cross-border Transactions Declaration and Disclosure	<ul style="list-style-type: none"> • Failure to apply the declaration system adopted for cross-border currency movement to TF. • Failure to apply the system on incoming and outgoing currency and bearer negotiable instruments movements. • Failure to implement the declaration form. • Failure to vest competent authorities with the powers of requesting and 	<ul style="list-style-type: none"> • Expand implementation of the declaration system adopted for cross-border currency movement to include TF as well. 	TF was criminalized whereas the act committed by the terrorist organization or association or group or the terrorist person pursuant to paragraph (b), article (3) of the AML/CFT law in force stipulating that "it shall be prohibited to provide, collect, insure obtaining or moving, by any means, whether directly or indirectly, funds, even from legitimate sources, to a terrorist, terrorist organization, commission, society or group or for a terrorist act, with the knowledge of such, whether such funds are used wholly or partially or not used, and regardless of whether such act has occurred or not."

	<p>obtaining further information from the courier regarding the source of the currency or the bearer negotiable instruments and the purpose for using them in case of suspected ML or TF cases.</p> <ul style="list-style-type: none"> • No dissuasive sanction in case of false disclosure. • Lack of safeguards for using the information properly. • Failure to establish a system for notifying counterpart authorities in other countries about the unusual cross-border activity of gold or precious metals or precious stones. • Inadequacy of information exchange between the Customs and the AML Unit, and non-establishing a database at the Customs 		<p>Since terrorism was criminalized in the AML/CFT law in force, the definition of the cross-border funds, mentioned in the law shall apply to the TF subject pursuant to the evaluation methodology, whereas article (a), article (2) of the law defined the cross-border movable funds as “the Cash and negotiable financial instruments, whether in Jordanian dinar, foreign currencies, precious stones and valuable metals.”</p>
		<ul style="list-style-type: none"> • Apply the said system to incoming and outgoing currency and bearer negotiable instruments movement. • Expedite the setting of measures to bring the declaration form into effect. 	<p>Paragraph (a), article (2) of the AML/CFT law in force defined the cross-border movable funds as “the cash and negotiable financial instruments, whether in Jordanian dinar, foreign currencies, precious stones and valuable metals.”</p> <p>Article (20) of the said law stipulated that:</p> <p>“a- Each individual entering the Kingdom shall declare, on the approved form prepared for this purpose, the cross-border movable money if the value exceeds the threshold set by the Committee.</p> <p>b- The Customs Department shall keep all cross-border movable money declaration forms, such forms shall be accessible and used by the Unit when deemed necessary.”</p> <p>The AML/CFT Unit has set the limit of cross-border funds the transferor is not bound to declare at 15, 000 JODs or equivalent in foreign currencies as well as the cross-border movable funds declaration form for the incomers to the Kingdom. In this respect, the Unit, the Customs Department and the concerned security authorities coordinate each within its respective competence.</p> <p>The Unit also took necessary procedures to print out the</p>

			<p>declaration form in adequate copies and to prepare information signs necessary to inform arrivals on this subject. The Unit also coordinated with the Customs Department to disseminate copies of the form on the Kingdom's border crossings, while information signs to the arrivals obligation to declare cash of more than (15000) JODs or equivalent in foreign currencies in accordance with the cross-border movable money form. Signs also indicated that the arrivals will be held legally accountable in case of failure to declare the cross-border movable money or providing false information in this regard pursuant to the provisions of Article (21) of the Anti Money Laundering Law in force.</p> <p>The Customs Department shall keep the cross-border movable funds declarations and the Unit may peruse them and use them when necessary.</p> <p>Since the activation of the cross-border movable funds declaration system until 31/12/2010, the number of declarations of cross-border movable funds at the different Customs points reached 983 declarations at a total amount of 903348076, 227844 JODs.</p> <p>The Jordanian Customs Department implements the AML/CFT law concerning transferring currencies, securities and negotiable financial instruments, precious stones and valuable metals, whereas there were two of 14 cases pertaining to transferring jewelry (gold and diamonds) and there is one case pertaining to seizing a cheque the value of which exceeds the value determined for the funds declaration purposes.</p> <p>The number of declaration for cross border money transfer reached, between 1/1/2011 and 2/7/2012, about 2028, amounting to a total of JD 1919500311 approximately. Also 33 cases were recorded, cases of non declaration of cross border movement of funds same being referred to the competent public prosecutor, whereas judgments were rendered for 30 cases, including fines between 1 and 10% of the non declared amount.</p>
		<ul style="list-style-type: none"> • Vest the competent authorities with the power for requesting and obtaining further information from the couriers regarding the source of the currency or 	<p>The AML/CFT law vested the Customs Department with the power for requesting and obtaining further information from the couriers, whereas article (21) of the law stipulated that "in the event of non-declaration of the cross-border movable money pursuant to the provisions of Paragraph (a) of Article (20) of</p>

		<p>bearer negotiable instruments and the purpose for using them in case of suspected ML or TF cases.</p>	<p>this law or in the event of false declaration of such, the Customs Department may question the courier about the source and intended use of such money. The Customs Department may seize such money, and in the event of a transaction suspected to be related to money laundering or terrorist financing refer the courier to the competent Prosecutor General pursuant to the provisions of this law. The Prosecutor General shall take the necessary procedures pursuant to the provisions of the legislation in force, and in all cases shall notify the Unit of the procedures undertaken.”</p> <p>In order to enhance the procedures taken by the Customs Service regarding cross border transportation of money, the national committee approved, at its meeting of 27/12/2011, Instructions no. 4 of 2011 – Instructions for declaring cross border transfer of funds – issued pursuant to Paragraph (b) of Article 37 of the applicable AML/CFT Law, and which provided, in Article 5 thereof for the necessity of verifying if the cash is counterfeited, and asking for the purchase invoice of precious metals and precious stones to prove ownership thereof. Furthermore, Articles 6-7-8 of the same Instructions provided for the powers of the Customs Service to ask the money holder about the source and purpose of the money, along with the powers to seize the funds.</p>
		<ul style="list-style-type: none"> • Establish a dissuasive sanction for false declaration. 	<p>The AML/CFT law criminalized false declaration of cross-border movable funds with a dissuasive sanction, whereas pursuant to paragraph (c), article (25) of the law, “whoever violates the provisions of Paragraph (a) of Article (20) of this law shall be penalized by a fine not to exceed ten percent of the value of the non-declared money or in the event of false declaration. The fine shall be doubled in the event of recurrence. Where the violation is repeated more than twice, the fine shall be doubled up to its maximum limit. In all cases, the money shall be confiscated if related to terrorist financing.”</p>
		<ul style="list-style-type: none"> • Setting safeguards for using the information properly. 	<p>The Customs Department coordinates, discusses and exchanges information on a daily basis with the Unit whether concerning to the confiscated cases or those about which judgments were rendered. The Unit also performs initial investigation on the persons for the Customs Department.</p>

			<p>The Customs Department has a database, including all the registered cases, their details and the used declaration forms in a computer system prepared for this purpose, which shall be provided for the nit upon request.</p> <p>Moreover, the Customs Department divided in association with the AML/CFT Unit the movable funds declaration forms and the signs over all the border stations.</p> <p>Article 9 of Instructions no. 4 of 2011 - Instructions on declaring cross border transportation of funds– issued pursuant to Paragraph (b) of Article 37 of the applicable AML/CFT Law, stipulated that the Customs Service shall prepare a database including all such data mentioned in the declaration forms regarding the cross border transportation of funds, and work is under process to link the Unit electronically to the database of the Customs Service (here attached).</p>
		<ul style="list-style-type: none"> • Establish a system for notifying counterpart authorities in other countries about unusual cross-border activity of gold or precious metals or precious stones. 	<p>Exchange of information is done with the counterpart units through the Regional Intelligence Liaison Office (RILO) in the Middle East, whereas the Jordan Customs Intelligence Directorate pertaining confiscating funds across the border of the member countries of the RILO according to the request of the Customs Department in the meeting before the last of the RILO, held in Doha. All these cases shall be perused and the border stations shall be oriented about the methods used in currency trafficking. In 2010, the Customs Department received 5 reports on currency trafficking from several regional countries.</p> <p>The Customs Service received, through the regional office for exchange of information in the Middle East, 3 reports in 2011, related to smuggling of currency, in addition to 1 report in 2012, also related to smuggling of currency from the states of the region.</p>
		<ul style="list-style-type: none"> • Strengthen information exchange between the Customs and the AML Unit, and establish a database at the Customs for recording all declared data related to the currencies and bearer negotiable instruments. 	<p>The Customs Department coordinates, discusses and exchanges information on a daily basis with the Unit whether concerning to the confiscated cases or those about which judgments were rendered. The Unit also performs initial investigation on the persons for the Customs Department.</p> <p>The Customs Department has a database, including all the registered cases, their details and the used declaration forms in</p>

			<p>a computer system prepared for this purpose, which shall be provided for the unit upon request.</p> <p>Article 9 of Instructions no. 4 of 2011 – Instructions on cross border transportation of funds – issued pursuant to Paragraph (b) of Article 37 of the applicable AML/CFT Law, stipulated that the Customs Service shall prepare a database including all such data mentioned in the declaration forms regarding the cross border transportation of funds and work is under process to link the Unit electronically to the database of the Customs Service (here attached). It is worth mentioning that the Unit is currently provided with information about the cases referred to the Public Prosecutor periodically, in order to keep the same in the database of the Unit.</p> <p>Moreover, the Customs Department in association with the AML/CFT Unit has disseminated the movable funds declaration forms and the signs over all the border stations.</p> <p>To increase awareness among passengers coming to the Kingdom regarding cross border transportation of funds, the Customs Service prepared an overview brochure, whereby the passenger is requested to declare to the Customs the cash amounts and / or precious stones he holds, whenever the value of the same exceeds JD 15,000 or its equivalent in foreign currencies (here attached).</p>
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