

**Middle East and North Africa  
Financial Action Task Force**



## **13<sup>th</sup> Plenary Meeting**

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### **First Follow Up Report of the Hashemite Kingdom of Jordan**

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**This is a document for the 13<sup>th</sup> Plenary Meeting**

**No extra copies of this document will be available during the meeting**

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## 1<sup>st</sup> Follow-up Report of the Hashemite Kingdom of Jordan

1. The purpose of this paper is to introduce the first 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 9<sup>th</sup> 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:

<b>Partially Compliant</b>	<b>Non Compliant</b>
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. The first step in the follow up process is that the assessed country should submit, within 2 years at most following the adoption of the MER, a follow up report to the Plenary meeting that includes

information on the measures taken or are taken to address the factors and/or deficiencies related to any of the 40 Recommendations and 9 Special Recommendations where the country was rated "PC" or "NC". The country sends the report within a period not exceeding 22 months to the Secretariat, which in its turn, analyzes and submits the findings of its analysis, attaching thereto the country's report, to the Plenary Meeting.

**Summary of the progress made by Jordan since May 2009:**

3. Jordan addressed many of the deficiencies mentioned in the MER whereby it has ratified the United Nations Convention against Transnational Organized Crime (Palermo Convention<sup>1</sup>), as well as the Protocol of suppressing and punishing trafficking in human beings, especially women and children annexed to the agreement and issued a law that prohibits trafficking in human beings, law No. 9/2009; it has as well ratified the Arab Agreement for AML/CFT. In addition to that, Jordan amended AML law No. 46/2007 by virtue of the temporary law No. 8/2010 and temporary law No. 31/2010, which included many reforms of AML/CFT regime in Jordan.

4. In addition, the Central Bank of Jordan, the Securities Commission, the Insurance Commission, Ministry of Interior, Ministry of Finance, Ministry of Industry and Trade, have issued AML/CFT instructions: (1) AML/CFT instructions addressed to banks<sup>2</sup>, (2) "AML/CFT instructions and their amendments in insurance activities"<sup>3</sup>, (3) AML/CFT instructions in the securities activities for 2010, (4) AML/CFT instructions related to companies that deal with financial leasing for 2011, (5) AML/CFT instructions related to exchange companies No. 2/2010. The concerned supervisory authorities issued AML/CFT instructions to jewelry shops, and shops of precious metals and precious stones; instructions related to real estate offices for 2010 were issued as well.

5. Regarding the AML/CFT unit (FIU), the AML regulation No. 40/2009 published on 1/7/2009 was issued; it determines the powers and functions of the unit and its president as well as the cooperation with supervisory authorities and counterpart units. In addition, the Unit signed Memoranda of Understanding with counterparts in the area of exchange of information with the AMLSCU in the UAE, the financial crimes Investigation board in the Turkish Republic, the Financial Follow up Unit in the Palestinian Authority; the Unit has as well signed Memorandum of Understanding with counterpart units in South Africa and in Cyprus, in addition to the entity specialized in combating serious organized crimes in the United Kingdom. The Unit has as well signed Memorandum of Understanding with many local entities (Central Bank of Jordan / Jordan Securities Commission / Insurance Commission / Public Security Directorate), and established a mechanism to coordinate and enhance cooperation for exchange of information with many local entities, among which, Department of Lands and Survey, Department of Civil Status and Passports, in addition to appointing contact officers with the Unit from all entities concerned with AML/CFT in the Kingdom. As to the human resources of the Unit, the authorities stated that part of the personnel cadre was occupied as per the organization structure whereby the number reached 10 employees within all departments of the Unit. The process of transferring all the Central Bank employees and appointing some of them in the FIU was completed. As to the financial resources, the Unit's budget was included into the State's budget, as a confirmation to the FIU's financial and administrative independence. In addition, the authorities stated that the Unit's resources were increased compared to the previous years. The authorities stated as well that the Unit is at the final stages of launching a new electronic reporting system, through which the STRs are sent via internet (secure web) by all reporting entities, whereby upon sending the STR, an email will be issued stating that the Unit has received the STR, provide the reporting entity with a reference number; the reference number will be the one adopted to request any additional information and any amendments that are incoming to the STR; the new system is expected to be activated during 2011.

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<sup>1</sup> Published in the Official Gazette Issue No. (4960) dated 30/4/2009

<sup>2</sup> AML/CFT instructions related to banks Ni. (51/2010) dated 23/11/2010

<sup>3</sup> AML/CFT instructions in the insurance activities and its amendments No. 6/2010

6. As to implementing UNSCRs, the AML/CFT national committee issued on 23/8/2010 Instructions No. 1 and 2 for 2010 to implement the obligations set forth in the UNSCRs 1267 & 1373 and other related resolutions<sup>4</sup>. Accordingly, by virtue of these instructions, "a technical committee for implementing UNSCR 1267 (199) and other related resolutions" was established and another "technical committee for implementing UNSCR 1373 (2001) and other related resolutions" was also established. Each committee is made by a Chair (AML/CFT Unit Chair), and members of legal departments directors or whomever in their position in the Ministry of foreign affairs, Ministry of Interior, Ministry of Justice, General Intelligence Department, Public Security Directorate, Central Bank of Jordan, Department of Lands and Survey, Customs department, Companies Control Department; these instructions detailed the committee's functions, legal quorum for its meetings and decisions including the powers of taking decisions by way of passing.

7. On another hand, Jordan issued the new "Societies law" No. 51 for 2008 on 16/9/2008 and its amendments on 15/12/2009; by virtue of this law, "the Societies by-laws" for 2010 was issued and the "regulations of the provisions of the main systems of Societies" for 2010 were issued; as well as, the instructions of the Ministry concerned with the Societies for 2010, and the instructions to reconcile the Societies' positions for 2010, and the Associations regulations for 2010, and the instructions of expenditure, and support of associations from the Associations fund for 2011.

8. The Jordanian authorities stated that an independent directorate was established (affiliated to the Ministry of Justice) under the name of Directorate of International Cooperation; it is concerned with the international cooperation and is presided by a judge, and supported by qualified and trained members in the same area and in criminal matters, specifically; the organization structure, job description of the directorate were both established. The Central Bank of Jordan has issued a guidebook on AML/CFT that shows indicators the banks could use to identify a transaction or operation suspected to be related to ML or TF; As well, a guidebook on AML/CFT was issued for the licensed real estate offices; and a guidebook for exchange services, securities activities and dealers of jewelry.

9. The authorities stated that a draft to amend law N0.44 for 2008 of the AML national committee work, and another draft to amend the AML unit regulation, No. 40/2009 were submitted to the Prime Minister on 13/2/2011, to be amended in such a way to be in line with the applicable amendment of AML/CFT law. The Unit has prepared reporting forms required for the jewelry shops and shops of precious metals and precious stones, and a reporting form for the real estate offices in coordination with the concerned supervisory entities (Ministry of Interior, Ministry of Finance/Departments of Lands and Survey). Furthermore, it was stated that the Insurance Commission has prepared a draft guidebook as a reference for insurance companies in detecting ML/TF operations in the insurance activities. The inspection manual of the Central Bank of Jordan, the Insurance Commission and the inspection circular of the Securities Commission were adopted.

10. On the training aspect, the authorities stated that 800 persons have been trained, among which, judges, public prosecutors and LEAs, by the TA office in the US Treasury within a program (US donation to the Hashemite Kingdom of Jordan regarding law enforcement) during 2009 and 2010 to introduce ML/TF principles. The Institute of Banking Studies has held many training workshops in AML/CFT for banks and exchange companies employees in order to introduce to them international recommendations and standards in the area of AML/CFT as well as informing them of ML/TF trends and techniques, in addition to the importance of informing the AML/CFT unit of the transactions suspected to be related to ML/TF. It has as well trained the concerned supervisory authorities in the financial sector; the Unit held and organized 15 sessions in 2010.

11. Regarding the effectiveness, the authorities stated that 2 decisions were issued: decisions on conviction of ML, temporary hard labor for 3 years, fine and confiscation of proceeds. It is worth to be noted that the first decision was issued by virtue of the old law.

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<sup>4</sup> These instructions were published in the Official Gazette issue No. (5061) dated 17/10/2010

12. It is cleared that Jordan has addressed, during the 2 years that followed the adoption of the MER, many deficiencies identified in the report; the Jordanian authorities have modified the AML law to cover many reforms, particularly related to the legislative scope of both ML/TF crimes, and extending the scope of confiscation to include TF offences, expending the powers of AML unit to cover receiving STRs of transactions suspected to be related to TF in addition to ML; As well as extending the scope of the entities subject to the provisions of law, and establishing a legal system related to UNSCRs 1267 & 1373 in addition to other reforms. Additionally, AML/CFT instructions were issued to most of the institutions subject to AML/CFT obligations; even if Jordan has to complete other instructions related to the post, companies issuing payment and credit tools.

13. Based on the foregoing, Jordan has addressed and corrected many of the deficiencies referred to in the MER; In this regard, it is suggested that the Plenary meeting requests Jordan to submit a 2<sup>nd</sup> follow up report – within the regular follow up process – to the 15<sup>th</sup> Plenary meeting; the 2<sup>nd</sup> follow up report should include the progress that will be made during the coming stage.

[Country's response will be circulated separately]