

The Central bank of Jordan

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Anti Money Laundering and Counter Terrorist Financing Instructions No. (51/2010)

Issued pursuant to the provisions of article (99/b) of the Banking Law No. (28) of 2000 and to the provisions of article (14/a/4) of the Anti Money Laundering and Counter Terrorist Financing Law No. (46) 2007 In force

Article 1: Definitions

- a. The terms and expressions mentioned in these instructions shall have the meanings assigned thereto in the Anti Money Laundering and Counter Terrorist Financing Law in force, unless the context indicates otherwise.
- b. The following terms and expressions, wherever mentioned in these instructions shall have the meanings assigned thereto hereunder, unless the context indicates otherwise :

The Law	:	Anti Money Laundering and Counter Terrorist Financing Law in force.
Banking Relation	:	The relation commenced between the bank and the customer, which is related to the activities and services the bank provides to its customers.
Ongoing Relation	:	The banking relation which is expected, upon the time of commencement, to last for undetermined period of time and involves multiple transactions.
Occasional Customer	:	The customer who is not involved in an ongoing relation with the bank.
Non-Profit Organization	:	Any legal person established in accordance with the relevant laws whose main objective is to provide social or voluntary services without aiming at realizing any profit or sharing thereof or to accomplish personal benefit.
Control	:	The direct or indirect capacity to influence effectively the actions or decisions of another person.

- Beneficiary owner : The natural person with the real interest for whom the business relationship or on his behalf is conducted or who has ultimate or effective control over a legal person or has the right to conclude a legal arrangement on its behalf.
- Politically Exposed Persons : Persons occupying or have occupied a high public office in a foreign country such as a head of state or government, a judge, a military person, or was a prominent statesman or member of political party or senior executive of state owner corporation. This includes, at minimum, first degree family members or their partners.
- Shell Bank : The bank that is characterized by:
- 1- Does not have permanent place of business to receive customers.
 - 2- Does not employ one person or more to perform actual administrative duties.
 - 3- Does not keep records of its transactions.
 - 4- Is not subject to inspection by a competent supervisory entity, whether in the country of incorporation or any other country.
- This definition shall not apply to a bank with no permanent place of business if it is a subsidiary to another licensed bank with physical existence and subject to effective supervision.
- Non-Resident : Natural or legal person who usually resides or his residence is outside the Kingdom or who does not complete a full year within the Kingdom, regardless of his/her nationality, except for individuals who have permanent commercial activity and residence in the Kingdom, even if not occupied on regular basis.
- The Unit : The Anti Money Laundering and Counter Terrorist Financing Unit established pursuant to the provisions of the Law.
- Reporting Officer : A manger in the higher management of the bank, appointed basically for the purpose of

notification of transactions suspected to be related to money laundering or terrorist financing.

Administrator : A member of the board of directors of a bank, whether serving in his/her own behalf or representing a legal person, or the general manager of a bank or any other bank officer.

Electronic Transfer : Any transfer made through a bank by using electronic means on behalf of the sender, by which funds are sent to another bank to be received by the receiver regardless of whether or not the sender and the receiver are the same person.

Article 2: Scope of Application

The provisions of these instructions shall apply to the following:

First: Banks operating in the Kingdom.

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 prevent or limit the implementation of these instructions.

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.

Article 3: Customers Due Diligence Requirements

First: General Provisions

- 1- Due diligence with relation to customers shall mean identifying the identity of the customer, his legal status , his activity and the purpose of the business relationship and its nature, and the beneficiary owner of the relationship, if any, and verifying such, as well as the continuous follow up of the transactions that are conducted within the framework of an ongoing relation by any of the means determined in accordance with the relevant legislation, in addition to indentifying the nature of the future relation between the bank and the customer and the purposes thereof as well.

- 2- The bank shall not be permitted to keep numbered accounts or enter into banking relations with anonymous persons, persons with false or fictitious names or shell companies or banks.
- 3- 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.
- 4- The bank shall exert due diligence with relation to occasional customers in the following cases:
 - a- If the value of a transaction or a number of transactions that seem to be related exceed (JD10000) or the equivalent thereof in foreign currency.
 - b- If there is doubt that the occasional transaction is suspected to be related to money laundering or terrorist financing regardless of its value .
 - c- Any electronic transfer transaction performed by an occasional customer regardless of the value thereof.
- 5- If the bank is unable to complete customer due diligence procedures, it should not open the account or engage in any banking relationship with the customer or perform any transactions to his/her account, and notify the Unit of the same if there is suspicions related to money laundering or terrorist financing pursuant to the form or means approved by the Unit.
- 6- Verification procedures of the customer identity may be postponed till after the commencement of an ongoing relation according to the following:
 - a- Postponing verification procedures is necessary to maintain the normal course of business provided that such postponement does not entail the risks of money laundering or terrorist financing.
 - b- The bank shall perform the verification procedures as soon as possible.
 - c- The bank had taken the necessary measures of prudent management (as it is defined by Basel Committee on Banking Supervision) to avoid money laundering or terrorist financing risks with regard to the postponed cases. This includes determining limits to the number, type and amounts of transactions that may be performed prior to the completion of the verification procedures.
- 7- In case the bank entered into an ongoing relation with the customer prior to the completion of the verification procedures in the manner referred to in item (First/6) of this article and was unable to meet them later, it shall terminate such relation and notify the Unit of the same if there is suspicion transaction related to money laundering or terrorist financing pursuant to the form or means approved by the Unit.
- 8- 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 amount or using banking tools unusually.

- b- When a significant change occurred on the documentation mechanism of customer's information.
 - c- When there is a material change in the way of managing the account.
 - d- When the bank realizes that there is lack of sufficient information about an existing customer.
- 9- The bank shall continuously update the customer identification data periodically every two years at most, or when there are emerging reasons to advocate that, such as having doubts about the validity and suitability of the information which has been obtained before.

Second: Procedures for Identifying and Verifying the Identity of the Customer

- 1- The bank shall set the proper systems to ensure the identification and verification of the customer's identity in accordance with the requirements stated in item (First) of this article.
- 2- The bank shall preview the official identification documents of the customer and shall obtain a copy of the same documents signed by the competent employee declaring that it is an original copy.
- 3- The bank shall take the necessary procedures to verify the validity of the information and data obtained from the customer from reliable and neutral sources, including contacting the competent entities that issued such official documents, and refer to the database of the Civil Status which is available to the banks and the website of the Companies Control Department.
- 4- Procedures for identifying the identity of a natural person shall take into consideration the following:
 - a- The data of identification shall include the full name of the customer, nationality, permanent address, phone number, work address, type of activity, purpose of business relationship and its intended nature, names and nationalities of persons authorized to manage the account and any information the bank deems necessary.
 - b- With regard to legally unqualified persons, such as minors, documents of their legal representatives who manage such accounts shall be obtained.
 - c- In case a person deals with the bank on behalf of the customer, a notarized power of attorney or a bank authorization shall be obtained and kept, or a copy of the same in addition to verifying the identity of the proxy according to the procedures for identifying and verifying the identity of the customer stipulated in these instructions.
- 5- Procedures for identifying the identity of a legal person shall take into consideration the following:
 - a- Identity data shall include the name of the legal person, legal status, name of owners and their shares, the authorized signatories, domicile of the legal person, line of business, the capital, registration's date and number, tax number, national identity number of the installation, names and

nationalities of signatories authorized to run the account, phone numbers, purpose of the business relationship and its nature, and so 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.

- 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 commercial and industrial chambers in addition to obtaining the required official certificate from the competent authority in case the company is registered abroad.
- c- Obtain the required documents indicating an authorization by the legal person to natural persons to run the account as well as the identity of the authorized persons according to the procedures for identifying and the identity of the customer stipulated in these instructions.
- d- Public shareholding companies are excluded from the data request for names of owners and their shares, and for them it is sufficient to obtain a list of shareholders whose shares exceed 10% of the capital.

6- Procedures for identifying the identity of a non-profit organization shall take into consideration the following:

- a- Identity data shall include the name of the non-profit organization, legal status, domicile, line of business, date of incorporation, names and nationalities of signatories authorized to manage the account, phone numbers, purpose of the business relationship and any information the bank deems necessary.
- b- The existence and legal form of the non-profit organization shall be verified by virtue of official documents and information contained therein, such as, certificates issued by the Ministry of Social Development and any other competent authority.
- c- Obtaining the required documents that prove authorization by the non-profit organization to the natural persons to manage the account as well as identifying the identity of the authorized persons according to procedures of identifying customer identity stated in these instructions.

7- Beneficiary owner:

- a- The bank shall request each customer to provide a written declaration in which he/she determines the identity of the Beneficiary owner of the intended transaction. Such declaration shall contain the identification data of the customer identity.
- b- The bank shall verify the identity of the Beneficiary owner and shall take reasonable procedures to verify the same. This includes depending on data

or information obtained from official documents to get the contentedness about the identity of the beneficiary owner.

- c- In case the beneficiary owner is a legal person, reasonable procedures shall be taken to verify the ownership structure and the controlling management of the legal person. This includes depending on data or information obtained from official documents and data to get the contentedness about the identity of the beneficiary owner.

Article 4: Simplified customer due diligence procedures

- a- The Central Bank of Jordan has the right to determine the transactions or customers who may be subject to simplified customer due diligence procedures when identifying and verifying the identity of the customer and the beneficiary owner, this should be limited by international standards, recommendations and best practices which decides examples of customers or transactions of low risks and any international controls or local requirements in this respect.
- b- Simplified customer due diligence procedures are prohibited whenever there is suspicions of money laundering or terrorist financing transactions, or whenever high risk circumstances occur.

Article5: 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/her business activity.
 - b- The degree of divergence and interrelation between the opened accounts and level of activity thereof.
- 2- The bank shall put 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:** politically exposed persons, non-resident customers , private banking customers and customer who belong or are in countries that do not apply or insufficiently apply the FATF Recommendations.
- 4- The bank shall take the following procedures on the customer categories mentioned in item (3) above:
 - 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.

- 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 such categories.
- c- The bank shall take all necessary procedures to verify the sources of the wealth of customers and beneficiary owners who fall under such categories.
- 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 .
- 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 becomes aware that any of them have no clear economic substances, then maintain records of the outcome.

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 shall be obtained before the commencement of a relation with an external bank.
- 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.
- 5- Anti-money laundering and counter terrorist financing systems shall be verified by the bank and applied by the external bank.
- 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.

Third: Indirect Dealing with Customers

The bank shall put the necessary policies and procedures to avoid risks related to misuse of indirect (Non Face to Face) dealing with customers and applied effectively, especially those performed by virtue of advanced technology methods such as, ATM and banking services through phone and internet banking taking into consideration the instructions of the Central Bank in this regard.

• If an external bank opens an account in a bank operating in the Kingdom, and the external bank allowed some of its customers to use the said accounts for any of the payment means, the bank operating in the Kingdom shall ensure that the external bank has exerted due diligence procedures regarding the said customers.

Fourth: Unusual Transactions

- 1- The following shall be deemed unusual transactions:
 - a- Cash transactions exceeding JD 20,000 or its equivalent in foreign currencies. Cash transactions less than this threshold but evidences indicate that they are related shall be considered as one transaction.
 - b- Unusually large or highly complex transactions relative to the transactions and the movement of the customer's account.
 - c- Any other unusual transactions that lacks a clear economic justification.
- 2- The bank shall exert enhanced due diligence regarding unusual transactions by carrying out analysis and studies necessary to verify the sources of funds and any other procedures necessary to verify the nature of the process, taking into consideration keeping records of the same regardless of the decision taken thereto.
- 3- Provisions of paragraph (2) of this item shall apply when there is doubt about the accuracy or validity of the customer's identification information after commencing the relation.

Fifth: Other Cases

The bank shall undertake enhanced due diligence procedures in the following cases:

- 1- Opening an account by correspondence, a recommendation or proper authentication of the signature shall be obtained from reputable banks or financial institutions.
- 2- Requesting facilities against deposits.
- 3- Leasing safe deposit boxes.
- 4- Depositing cash amounts or traveler checks in an existing account by a person(s) that do not represent the owner of the account under a power of attorney or authorization approved by the bank.

Article 6:Transfers

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.

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.
 - 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 therefor.
 - 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.
 - 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.

Third: Receiving Bank's Obligations

- 1- The bank shall set effective systems to detect any lack of information related to the ordering customer as stipulated for in paragraphs (1) and (2) of item Second.
- 2- The bank shall adopt effective procedures based on estimating the degree of risks in dealing with transfers lacking complete information on the ordering customer. Such procedures include requesting incomplete information from the ordering bank. In case the said information is not complete, the bank shall undertake procedures according to the degree of risks estimated, including rejecting the transfer, provided that the bank's estimation of the existence of a suspicious transaction is based on sound grounds and the bank shall immediately notify the Unit.

Forth: Intermediary Banks Obligations

- 1- If the bank takes part in effecting the transfer without being an ordering or receiver, it shall ensure that all information annexed with the transfer shall be retained with the said transfer at transferring.
- 2- If the bank fails to maintain such information annexed to the transfer for technical reasons, it shall keep the annexed information as received for five years regardless of the lack or completeness of the information. The bank shall also provide all available information to the receiving bank within three days of receiving a request.
- 3- If the bank receives incomplete information about the ordering customer, it shall notify the receiving bank upon effecting the transfer.

Article 7: Keeping Records and Documents

First: The bank shall keep the records and documents for recording the financial transactions conducted domestically and internationally, these records include data related to due diligence requirements stipulated for in article (3) for five years at least as of the date of completing the transaction or termination of the relation, as the case may be.

Second: The bank shall keep the records and supporting documents of ongoing relations and banking transactions in accordance with the provisions of articles (3, 5 and 6) of these instructions for five years at least as of the date of completing the transaction or termination of the relation, as the case may be. The said records shall include the original documents or copies thereof that are acceptable by courts pursuant to the legislations in force in the Kingdom.

Third: The bank shall develop an integrated system for keeping records and documents as referred to in items (First) and (Second) of this article, in a manner that enables it to respond to the requests of the Unit and the competent official authorities regarding any data or information quickly and timely. In particular, the bank shall provide any information that clarifies whether the bank has an ongoing relation with a certain person within the past five years and providing information about the nature of such relation.

Article 8: Reporting on Transactions Suspected to be Related to Money Laundering or Terrorist Financing: -

First: If any administrator in the bank suspects that the transaction to be executed is suspected to be related to money laundering or terrorist financing, he/she shall notify the Reporting Officer.

Second: The Reporting Officer shall notify the Unit immediately of transactions suspected to be related to money laundering or terrorist financing whether such transactions have taken place or not pursuant to the form or means approved by the Unit and not to close the account / accounts of the suspects.

Third: The Reporting Officer shall be responsible for providing the Unit and the competent authorities with the data that relate to transactions suspected to be related to money laundering or terrorist financing and any other information requested, and facilitate its review of any relevant records or documents for the performance of its duties.

Forth: a- Disclosure by any administrator, whether directly, indirectly or by any means, of notifying the Unit or any notification procedures taken against transactions suspected to be related to money laundering or terrorist financing or data related thereto shall be prohibited.

b- Disclosure by persons who have access to or that comes to their knowledge ex-officio, directly or indirectly, of any information provided or exchanged in accordance with the provisions of law, regulations and instructions issued pursuant thereto, including these instructions, shall be prohibited .

Fifth: The bank shall prepare files for transactions suspected to be related to money laundering or terrorist financing in which copies of notifications for said transactions, documents and data related thereto shall be kept. Said files shall be kept at least for five years or until a final adjudication is issued with regard to the transaction, whichever is longer.

Article 9: Internal System

The bank shall set proper internal system which includes internal policies, procedures and controls for anti money laundering and counter terrorist financing. This system shall include the following:

First: A clear policy for anti money laundering and counter terrorist financing approved by the board of directors or the regional manager of foreign banks' branches, where continuous updating shall be carried out and it shall include preventative measures of the misuse of modern technologies in money laundering and terrorist financing transactions.

Second: Written detailed procedures for anti money laundering and counter terrorist financing specifying accurately the duties and responsibilities in accordance with the approved policy and the instructions issued by the Central Bank in this regard.

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.

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.

Fifth: Specifying the name of the Reporting Officer and his/her substitute thereof and notifying the Unit in case of replacing any of them, ensuring that both of them have the proper qualifications.

Sixth: Specifying the duties of the Reporting Officer to include at the minimum:

- 1- Receiving information and reports on unusual and transactions suspected to be related to money laundering or terrorist financing , examining the same and taking the appropriate decision with respect to notifying the Unit thereof or maintaining the same, provided that the decision of maintaining such is justifiable.
- 2- Maintaining all documents and reports received.
- 3- Preparing periodic reports to the board of directors about all unusual and transactions suspected to be related to money laundering or terrorist financing.

Seventh: Specifying the Reporting Officer authorities to include the minimum authorities to act independently and maintain the confidentiality of information received and procedures taken. The Reporting Officer shall have access to records and data required to perform the tasks of inspection and revision of systems and procedures set by the bank for anti money laundering and counter terrorist financing.

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.

Ninth: Setting the necessary systems to classify customers according to their degree of risks in the light of information and data available to the bank and reviewing such periodically.

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.

Article 10:Security Council resolutions

Subject to the provisions of the instructions issued pursuant to the provisions of the Law, the entities subject to the provisions of these instructions shall implement the obligations contained in the relevant and enforceable international resolutions and that is informed by the Central Bank of Jordan or the competent authorities in this regard.

Article 11: Final Provisions

First: Any administrator shall be prohibited from managing any account on behalf of any customer, except for the spouse and first degree relatives after obtaining the approval of the higher management.

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 of any violation of these instructions .

Third: The bank shall educate the staff of the necessary information about: -

- 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.

Forth: If the bank violates any provision of these instructions, the bank shall be liable to the punishment or measure or more of the sanctions and procedures established pursuant to the provisions of the Banking Law No. (28) for the year 2000, and amendments, and / or the Anti Money Laundering and Counter Terrorist Financing Law in force.

Fifth: Anti Money Laundering and Counter Terrorist Financing Instructions No. (48/2010) dated 17/3/2010 are hereby repealed.

Sixth: These instructions shall be enforced of the date hereof.

Governor

Dr. Ummayah S. Toukan

Attached: guidance manual