

# Anti-money laundering and counter-terrorist financing measures

## The Hashemite Kingdom of Jordan Mutual Evaluation Report



November 2019

The Hashemite Kingdom of Jordan

Jordan is a member of the Middle East and North Africa Financial Action Task Force for combating Money Laundering and Terrorist Financing (MENAFATF). This evaluation was conducted by MENAFATF and the Mutual Evaluation Report was discussed and adopted by the Plenary of the MENAFATF on November 2019. This report presents a summary of the anti-money laundering (AML) / counter-terrorist financing (CFT) measures in place in Jordan as at the date of the on-site visit (8-23 July 2018). The report analyzes the level of compliance with the FATF 40 Recommendations and the level of effectiveness of Jordan's AML/CFT system and provides recommendations on how the system could be strengthened.

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## Executive Summary

1. This report summarizes the AML/CFT measures in place in Jordan as at the date of the on-site visit from 8 to 23 July 2018. It analyses the level of compliance with the FATF 40 Recommendations and the level of effectiveness of Jordan's AML/CFT system and provides recommendations on how the system could be strengthened.

### **Key Findings:**

- a. All relevant government and private sectors participated in the NRA process and the preliminary findings of the ML NRA were circulated to the Central Bank of Jordan and the Jordan Securities Commission (JSC), which represent the majority of regulatory authorities of Jordan's financial sector. This was reflected in Jordan's understanding of ML risk that was considered moderate but not unified especially with respect to other authorities. The GID understanding of TF risks is good but was not shared with other relevant authorities. It is not clear that national policies and AML/CFT action plans were based on these risks. Also the national counter-terrorism strategy does not include measures to deal with TF risks.
- b. AMLU is accessing a range of information, whether directly or indirectly. The number of SARs sent to AMLU is inconsistent with the number of SARs referred to the Public Prosecutor's Office, and this was mainly due to the poor quality of SARs and the need to enhance AMLU resources, especially the technical resources, whereas TF related SARs sent to the AMLU were limited despite the risks posed to Jordan.
- c. Failure to implement parallel financial investigation adversely affects the investigation and prosecution of ML activities. The penalties applied for ML derived from misdemeanours are not effective, proportionate and dissuasive.
- d. Criminal assets and property were confiscated, fines were imposed, and funds recovered in connection with the most significant predicate offenses that generate criminal proceeds, indicating that the measures taken contributed to depriving criminals of their proceeds of crimes. Jordan does not apply the sanction of confiscation on instrumentalities used or that are intended for use in ML offence, and no confiscation sanctions are imposed on legal persons.
- e. Jordan is mainly focusing on terrorism cases and is identifying and investigating TF activities, as a stand-alone offence. This is achieved through human resources in the investigative authorities engaged to conduct parallel financial investigations. The integration of the investigation into terrorist financing cases with national investigations into terrorism cases resulted in the identification of terrorist persons and networks in addition to deterring terrorist plots.
- f. Jordan proceeded to establish a mechanism for the implementation of targeted financial sanctions (TFS), however UNSCRs related to TF targeted financial sanctions are not effectively implemented due to the poor coordination between authorities. However, the financial sector's supervisory and regulatory authorities have a good knowledge of TFS oversight, Except for the Department of Lands and Survey, there was a lack of knowledge among the regulators on DNFBPs. On proliferation financing, related UNSCRs are not implemented.
- g. It did not appear that there is a clear and unified understanding of TF risks in the NPOs sector, and there are some effective factors increasing the possibility of misuse of the sector such as the size of the sector, poor supervision, and indications of its potential misuse for TF. Yet, there are no clear and sufficient criteria to identify the most vulnerable subset of NPOs in line with the definition of the FATF methodology.

### **Risks and General Situation:**

2. Jordan's economic system is stable, especially in the banking sector, which accounts for 93% of the total assets of the financial sector and about 70% of its activities. Jordan mainly depends on services, trade, tourism and some industries (e.g. fertilizers) and medicines. The GDP grew by 3.7 percent in 2017 and reached JOD 28,448.5 million (approx. USD 40 000 millions). Remittances are essential to the Jordanian economy and a major boost to its monetary and fiscal policies. The volume of remittances carried out through the exchange sector (whose assets are relatively low at 0.3% of the total assets of the financial sector) amounted in 2017 to approximately JOD 10.1 billion distributed between outgoing transfers totalling

JOD 4.3 billion and incoming transfers totalling JOD 5.7 billion.

3. In 2017, Jordan initiated its first national ML/TF risk assessment with the participation of all national entities (including the private sector) in collaboration with AMLU and under the supervision of the NAMLTFC. Jordan has not completed the NRA process yet until the date of the on-site visit.
4. Even though the NRA has not been completed yet, the executive summary of ML risk assessment shows that the main proceeds-generating predicate offenses are tax evasion, robbery (criminal theft) and theft, and illicit trafficking in drugs. There were different views among authorities on the ranking of these offenses (in terms of the value of proceeds and their percentage of the GDP), the total amount of generated proceeds accounts for 93% of the total proceeds of local crimes. The banking and money exchange sectors are the most exposed to ML risks. Financial brokerage companies, payment service providers and DNFBPs face moderate risks while the ML risks facing the remaining sectors including insurance companies and other financial companies have been considered as low.
5. The results of the TF risk assessment were not formally provided by the NAMLTFC. GID provided an insight of the risks of terrorism and its financing in Jordan, based on its self-understanding. GID is currently in the process of completing the remaining stages of its risk assessment. GID indicated that its awareness of relevant TF risks is as a result of practice and that terrorism and TF risks are related to the turmoil in the region, the displacement of large numbers of refugees, mainly from Palestine, Iraq, Syria, Libya and Yemen, the expansion of radical ideologies spread by ISIS and Al-Qaida and the proliferation of arms in the region.

#### **Overall Level of Effectiveness and Technical Compliance**

6. Regarding legislative and regulatory developments, the AML/CFT Law No. 46 of 2007 was adopted and was amended pursuant to Law No. 31 of 2015. It was published in the Official Gazette No. 5345 on 16/6/2015 and became the permanent AML/CFT Law. The Anti-Money Laundering Law No. 46 of 2007 was amended pursuant to the two provisional amended laws No. 8 and No. 31 of 2010 to define and criminalize terrorist financing and expand the scope of crimes which proceeds involve money laundering. These amendments also strengthened the independence of the AMLU at the administrative level and broadened the scope of entities subjected to the provisions of the Law while stressing their legal obligations. They also granted public prosecutors and judges' wider powers to trace and confiscate funds and impose dissuasive sanctions commensurate with the ML and TF offenses. The Money Exchange Business Law No. 44 of 2015 was published in the Official Gazette No. 5363 on 18/10/2015. The amendments included the basis for applying for a license for a money exchange company and the requirements to keep a specific record for every company engaged in money exchange business in line with the provisions of the said law and to regulate the management of these companies. Paragraph (a) of Article (17) of this law required money exchange companies to comply with the provisions and procedures related to combating money laundering, financing of terrorism and proliferation and regulated under relevant legislations or any instructions issued by the Board of Directors in the CBJ. The Integrity and Anti-Corruption law No. 13 of 2016 was published in the Official Gazette No. 5397 on 16/5/2016. It established the IACC to be the legal and actual successor for both of the Ombudsman Bureau and the Anti-Corruption Commission. This Law was adopted as a result of the implementation of the recommendation by the Royal Committee to Enhance the National Integrity System on the Implementation Plan of the National Integrity Charter. It includes all bodies concerned with the promotion of integrity and fighting corruption. The Commission receives complaints and grievances and investigates financial and administrative corruption in all its forms. It gathers information and evidence, conducts investigations and launches the necessary legal procedures. It also has the mandate to “prosecute any person who commits any act of corruption, seize his movable and immovable assets and ban him from travel based on an injunction issued by the competent judicial authority, and request to suspend his work, salary, allowances and other financial entitlements if necessary. The Commission shall also establish a Public Prosecution specializing in corruption to look into the cases referred to it by its Council.
7. In addition, AMLU issued Regulations No. 1 of 2015 “Regulations on the Forms and Methods to send SARs on transactions suspected to relate to money laundering or terrorist financing” and the Consolidated Financial Analysis Template in an effort to strengthen and improve the reporting mechanism of suspicious ML/TF transactions by all parties subjected to the provisions of the AML/CFT Law in force. It also developed working methods and adopted new measures consistent with the international best practices to ensure

effectiveness and accuracy of the results and address all shortcomings revealed in an in-depth study of the SARs already received by the AMLU. These instructions require the banking sector to fill out the consolidated financial analysis template for all the operating banks and attach it to ML/TF SARs. The template includes a detailed financial analysis of all financial debit and credit transactions carried out by the suspect. The instructions were circulated on 14/9/2015 to all regulatory and supervisory bodies which in turn circulated them to all entities subject to the provisions of the AML/CFT Law to be effective as of 1/10/2015.

8. Instructions No. 2 of 2017 on the declaration of cross-border movable funds were issued to replace Regulations No. 4 of 2011 on the declaration of cross-border movable funds. They include many amendments consistent with international standards. Moreover, AML/CFT instructions were issued for the securities and insurance sectors and instructions were also issued for the implementation of the UNSCRs.

***Assessment of risk, co-ordination and policy setting (Chapter 2 – IO 1 and R.1, 2 and 33)***

9. As previously mentioned, Jordan has not yet completed its ML NRA at the time of the on-site visit, and it was still at the stage of identification of the consequences and related overall risks. Entities and authorities from both the private and public sectors took part in this process. However, the quality of this participation varied due to “qualitative and quantitative” shortcomings in the statistics provided by some entities which participated in the assessment. The preliminary findings of the ML NRA identified the main proceeds generating predicate offenses which are represented in tax evasion, robbery (criminal theft) and theft (criminal theft) and illicit trading in narcotic drugs and psychotropic substances. The banking and money exchange sectors were classified as high-risk sectors. However, there authorities had different views on the extent of threats of these predicate offenses especially tax evasion and illicit trafficking in narcotic drugs and psychotropic substances. This shows that Jordan’s understanding of ML risks remains moderate and non-consolidated.
10. The GID is seeking to complete the national TF risk assessment and only outlined the elements of the national counter-terrorism strategy and funding patterns by relying on intelligence and field experience, through the insight it presented to the assessment team. It stated that terrorism in Jordan is mainly related to the regional turmoil, increase of refugees, and the spread and expansion of radical ideologies.
11. The legislative base established an appropriate framework for coordination among all competent; however, cooperation and coordination efforts at the official level are not sufficient given that they focus on high-level committees, and do not include mechanisms for ongoing cooperation and coordination at the operational level among all stakeholders to properly implement AML / CFT policies and ensure that the risk-based approach is applied at the operational level.

**Financial Intelligence, ML investigation, prosecutions and confiscation (Chapter 3 – IO. 6, 7, 8, and R.1, 3, 4 and 29-32):**

12. AMLU has direct access to many administrative and judicial database through an electronic link which allows it to rapidly and directly access security and financial information. It also uses formal letters as well as phone calls in case of urgency. Notwithstanding, AMLU does not seem to receive SARs that contain valuable or relevant information enabling it to carry out its functions in terms of effectively conducting the operational analysis. The efforts undertaken by AMLU to address these issues remain moderate, especially through feedback provided to reporting entities, particularly banks and exchange companies from which 98.4% of the total SARs filed are received.
13. AMLU has recently adopted a new information system which allows it initially to be electronically linked, as a first step, to the IT systems of banks. However, the use of its potential remains limited because it has not been activated yet. This system may contribute to classifying SARs by order of importance to process them based on priority (in a Risk based approach), which may help offset resource shortcomings by helping staff in their work on SARs processing based on materiality and degree of risks.
14. LEAs seek to access financial intelligence and other relevant information at varying degrees, and it appears that the GID often utilize their own powers to access financial intelligence, while the PSD and the IACC seek to obtain information whether directly from the financial sector or through the CBJ or the AMLU.



15. The AMLU rarely refers SARs to the Public Prosecutor, and archives most of them. Where SARs are disseminated to LEAs, they add little value to their work leading to the limited number of ML and TF prosecutions, and that despite Jordan's geographical location near conflict areas with regards to TF offences. Yet, there are a few examples of dissemination resulting in positive outcomes owed to the cooperation between the AMLU and the Income and Sales Tax Department.
16. Jordan has a legal framework which allows it to investigate ML cases. According to legislations in force in Jordan, ML cases are mainly identified by the AMLU which carries out the financial investigation and refers the case to the competent prosecutor to conduct a judicial investigation. The law requires all LEA and judicial authorities to conduct a parallel financial investigation for all proceeds-generating predicate offenses and notify the AMLU of any ML suspicious transaction. In general, the assessment team has not seen evidence that LEA and judicial bodies regularly carry out a parallel financial investigation due to the small number of SARs received by AMLU from such authorities.
17. Between 2013 and 2017, AMLU referred 78 ML suspected cases to the competent Public Prosecutor, 57 of which were referred to court. The number of cases adjudicated was limited to 10, 7 of which were found guilty and two other cases of non-liability and one acquittal. This shows a low number of ML judicial prosecutions and investigations. In addition, some judicial practices indicate the prosecution and conviction of very few cases of self- laundering of money locally generated by Jordanians.
18. The law in force in Jordan basically allows the seizure and freezing of assets whether related to ML offence or associated predicate offenses or TF. Confiscation in Jordan is considered an accessory penalty for criminal conviction and does not include the confiscation of instrumentalities used or intended to be used for money laundering. It is not clear that the Judiciary enforces the confiscation of criminal proceeds, instrumentalities and property of equivalent value. In practice, 7 convictions were issued for money laundering offenses, 3 of them involving confiscation, but at the level of the predicate offenses (most notably tax evasion, corruption, and drug trafficking), court judgments were issued ordering the acknowledgment of financial penalties, tax refunds, seizure and confiscation of instrumentalities of crime, which is consistent to a large extent with the risk structure facing Jordan.
19. The Jordanian law does not grant the Customs Department the right to confiscate undeclared or falsely-declared cross-border currency and bearer negotiable instruments. Customs only have the right to seize these funds until a decision is issued by AMLU within a week ordering to return funds or refer the case to Judicial authorities. There is no legal text that explicitly mandates the disclosure of cross-border funds at the point of exit. For this reason, sanctions are inappropriate and ineffective compared to the amount of funds seized. In addition, Jordan lacks any unified mechanism or a particular entity to dispose of the funds seized or frozen or to follow up the implementation of confiscation verdicts and to consequently dispose of generated funds.

#### **Terrorist and proliferation financing (Chapter 4 – IO 9, 10, 11 - and R. 5-8)**

20. The GID has a good understanding of the TF risks facing Jordan, but it was noted that there is a discrepancy in the understanding of TF risks among other concerned authorities. The main TF risks emanate from the cross-border transportation of funds and non-declaration of funds in some cases, remittances through exchange companies, smuggling weapons and explosives, and the return of FTFs from neighbouring countries. Apparently, an important part of the TF cases that have been investigated and prosecuted has involved self-financing, whether through the sale of certain movables or real estate. It is also apparent that the Jordanian authorities have pursued TF crime in parallel with terrorism crime in order to inflict more severe sanctions on perpetrators. The cases investigated included 335 suspects, some of whom were suspected of conducting suspicious financial transactions. The Jordanian authorities have regularly sought to expand the TF suspicion to pursue any activity that could lead to a terrorist act. The number of TF cases and the number of terrorist operations that have taken place in Jordan shows that there is somewhat a consistency between the overall prosecuted TF cases and the country's risk structure. The Jordanian authorities have been able to identify and investigate TF crime on a regular basis through specialized officers and financial experts.
21. Imprisonment sanctions imposed on natural persons in TF cases are relatively proportionate and dissuasive. The verdicts in 24 TF cases included penalties for confiscation of seized vehicles and funds. In one case, 3 apartments and a real estate were confiscated.

22. In cases where a TF conviction is not secured, Jordan took other measures by ordering the concerned persons to leave Jordan, convict them for terrorism-related issues, or transfer them to the PSD; Jordan explained that they communicate with countries where concerned individuals are deported to.
23. The Technical Committee is responsible for the implementation of Security Council resolutions. It is presided by MOFA and consists of other members. In Jordan, the implementation of TFS against TF is ineffective. This is due to the delay in the circulation of Security Council lists to FIs. Moreover, these lists are not distributed to DNFBPs, except for real estate offices which only receive them after a long delay. Additionally, supervisory role to monitor compliance with UNSCRs obligations is weak. However, the supervisory and monitoring bodies of the financial sector follow up on reporting entities' compliance and implementation of UNSCRs, but except DLS, there is absence of any role undertaken in this respect by supervisory and monitoring bodies of the non-financial sector
24. In Jordan, NPOs are licenced by the MSD. Its role is limited to ensuring that only the founders do not have a criminal record. Jordanian authorities have indicated in their NRA that the NPOs sector has low ML/TF risk, which is inconsistent with the understanding of the GID as well as the FIs (see IO.9 and IO.4). Furthermore, the sectoral risk assessment for NPOs conducted by the MSD is inconsistent with the FATF definition in terms of identifying NPOs subset that is at greatest risk of TF.
25. The instrumentalities used in terrorism and TF crimes confiscated by judicial rulings remain weak in number, type and value. This limits the effectiveness of policies that prevent the financing of terrorist groups. In addition, Jordan did not designate any persons to the UN Security Council, on its own motion. It also did not submit or receive any proposal from States which is not consistent with the risk profile.

#### **Preventive Measures (Chapter 5 – IO 4 -, R. 9-23)**

26. Jordan has a diverse financial sector. Banking sector assets present 93% of the total assets of the financial and non-financial sectors. There is a discrepancy in the compliance of FIs and DNFBPs with their AML/CFT obligations, given that the implementation of the instructions recently issued/amended (before or during the onsite visit) has been initiated for only some of them, making it difficult to measure the effectiveness of their implementation by the concerned entities.
27. The understanding of ML/TF risks by FIs and DNFBPs differs due to the difference in the size of the sectors and efforts of supervisory authorities. Banks and some insurance companies are sufficiently aware of ML risks and have taken the necessary measures to mitigate them. However, it was impossible to prove that they have the same level of awareness of TF risks. Moreover, the remaining FIs and DNFBPs do not have the same level of awareness of ML/TF risks.
28. Only banks and some FIs (insurance, money exchange and financial brokerage companies), have conducted their ML/TF risks self-assessment, and its findings were relatively inconsistent with the preliminary NRA's findings.
29. In general, most FIs properly implement due diligence measures and keep record of transactions, especially banks. However, DNFBPs are very weak on implementing such requirements. Banks and subsidiaries have a tool to verify the authenticity of identity documents. It is noted, though, that the measures taken by FIs and DNFBPs to identify beneficial owners are not appropriate.
30. The banking and money exchange sectors have submitted the highest number of SARs to AMLU. However, it was found that the quality of SARs is poor, due to some reporting entities having recourse to SAR reporting for mere doubt, without having objective reasons for suspicion (defensive reporting), in addition to the fact and in some cases, SARs are not submitted in a timely manner. FIs and DNFBPs awareness of TF trends is limited. The reporting by other FIs and DNFBPs remains low and inadequate.
31. With regard to DNFBPs, AML/CFT Law did not explicitly refer to any AML/CFT obligations on lawyers, accountants and licensed notaries. Real estate offices do not appear exposed to high ML/TF risks due to their role which is limited to the implementation of CDD measures. The understanding of other sectors (lawyers, accountants, DPMS and real estate agents) of ML/TF risks appeared to be low and varies between sectors and institutions within the same sector.

#### **Supervision (Chapter 6 – IO.3, R.14, 26-28 and 34-35)**

32. The legal procedures applied by CBJ in the field of licensing and registration significantly prevent criminals from entering the market. These procedures are enhanced by practical sound measures not written and enable the verification of the identity of the beneficial owner. The other financial supervisory and control bodies

have controls for registration and licensing, and some depend on the CCD and CSPD to identify the beneficial owner. As for DNFBPs, the measures applied by the MOI and the DLS do not warrant the identification of the beneficial owner. The licensing and registration procedures of companies located in the free zone do not require the verification of the non-conviction for local shareholders in case of transfer of shares for their benefit.

33. The regulatory and supervisory authorities' awareness of sectorial risks is currently being developed because only recently did they launch their self-assessment, and a risk-based approach to supervision is only adopted in the CBJ (Banking Supervision and Exchange Control Departments), JSC and DLS.
34. Unlike CBJ (Banking Supervision and Exchange Control Departments) and the Securities Commission which have made relatively tangible efforts to carry out their off-site and on-site supervisory role over FIs, it was not clear whether other financial sector stakeholders adopted the same approach in the light of the lack of qualified human resources which delays off-site and on-site inspection visits.
35. The penalties imposed by supervisory and control bodies vary in terms of their proportionality to the nature of the violation and its achievement of the purpose of deterrence.
36. The role of regulatory and supervisory entities of DNFBPs remains weak (and absent over lawyers, accountants and notaries) except for recent efforts made by the DLS as a supervisory authority of real estate offices, which appeared to have conducted a ML/TF risk assessment at the sector level. However, it is still too early to reach a conclusion about their effectiveness.

#### **Legal persons and arrangements (Chapter 7 – IO. 5 and Recommendations 24-25)**

37. Banks undertook a self-assessment of risks and vulnerabilities of legal persons that should hold bank accounts under the law, and the assessment of legal persons subjected to licensing by supervisors. However, there were no efforts to assess the risks and vulnerabilities of all types of legal persons in Jordan.
38. The understanding of the authorities, including the CCD and the Department for the registration of individual companies, of the risks of misusing individual establishments and companies remains inappropriate due to the absence of a ML/TF risk assessment of these entities.
39. The absence of the beneficial ownership concept affected the failure to provide relevant information in a timely manner, although authorities were able to access some beneficial ownership information through several formal correspondences with the competent authorities, these correspondences were insufficient and do not enable the provision of information on beneficial owners of foreign companies, and this is mainly due to the absence of measures and guidance on how to identify the beneficial owner.
40. The basic information of companies available on the website of the CCD, until the end of the onsite visit, is not always sufficient and accurate. The accuracy and completeness of the information vary depending on the date of incorporation or registration. The more recent the company is, the more accurate the information. However, in case the company is owned by a foreign company, the information would be limited and would not comprise the names of the owners.
41. The basic information for individual establishments available on the Ministry of Industry, Trade and Supply website is accurate, although updates are not made periodically, but basic information for establishments created before 2008 is not available.
42. The Ministry of Social Development provides on its website the names of registered NPOs, without making all the information available on NPOs to the public.
43. The authorities have taken several measures to combat the potential misuse of legal persons for ML/TF purposes. However, such measures are not comprehensive to prevent criminals from establishing all types of companies. These measures are limited to conducting security screening when establishing certain commercial activities or when making a change in their ownership structure.

#### **International Cooperation (Chapter 8 – IO. 2 and R. 36-40)**

44. MOJ is the competent authority for receiving and sending MLA requests including extradition requests. It refers requests sent by requesting countries to the competent judiciary authorities. At the same time, it refers requests sent by Jordanian judicial authorities to relevant parties. The International Cooperation Directorate was established by the MOJ, it includes a special section for international cooperation which coordinates incoming and outgoing MLA requests and refers them to competent authorities to take the measures to implement the assistance requests. Similarly, the measures taken to execute MLA requests are

- judicial – rather than administrative - procedures handled by the Public Prosecutor’s Office.
45. Jordanian authorities respond to incoming requests for MLA, and in general the average time taken to respond is acceptable; however, there is a delay in responding to some cases and there is no mechanism for the prioritization of requests, which exposes the important cases to the delay to respond. Criminals were extradited in several cases, but extradition remains weak considering Jordan risk context. In addition, it did not appear that there are extradition cases associated with ML/TF offense.
  46. The limited number of requests for international cooperation sent by various entities (judicial, security, or AMLU) negatively affects the effective combating of trans-national crime in general and the ML offense in particular and also the potential chances of confiscating the outgoing criminal proceeds. Also there are no outgoing requests related to the extradition of criminals in TF cases and ML cases related to drugs, which is not consistent with Jordan risk structure.
  47. In general, Jordan focuses on informal rather than formal cooperation, where LEAs, supervisory authorities and Jordan Customs Department use alternative methods to exchange information with their foreign counterparts in line with their competences. The GID also exchanges information with competent international bodies and more effectively than other parties, and this is done through diplomatic channels, agreements and treaties or in accordance with the principle of reciprocity or the requirements of international organizations to which they have acceded.
  48. AMLU provides information to requesting countries within irregular periods of time. The period taken to respond to requests is somewhat satisfactory. In addition, AMLU interacts with different entities in Jordan to provide counterpart FIUs with requested information gathered from databases that it has direct access to or through written communications addressed to various parties (including LEA). However, some of the information provided was inaccurate or non-comprehensive, mainly the data of legal entities and associations.

**Priority -Actions:**

Priority actions for Jordan are as follows:

- (a) Jordan should finalize the NRA to ensure reaching a complete and good understanding of ML/TF risks among all relevant bodies and disseminate this understanding to all FIs, DNFBPs and relevant parties.
- (b) AMLU should strengthen its capacity by providing enhanced training for analysts and LEA, and by activating its information technology system (by linking reporting entities and stakeholders and taking advantage of the system’s capacity to prioritize and process SARs accordingly) to ensure that there is in-depth operational analysis, activate the strategic analysis function and use the RBA to support the operational needs of competent authorities in identifying and tracing assets. AMLU should also improve the feedback mechanism to reporting entities in order to enhance the quality of SARs in general, and especially TF related SARs.
- (c) Jordan should conduct a systematic parallel financial investigation and prioritize the investigation and prosecution of ML cases in line with Jordan risk context and adopt a legal regime that allows the imposition of dissuasive imprisonment sanctions against those involved in ML when the funds are derived from a misdemeanour. Also, Jordan should improve its capacity by strengthening the human resources within investigative authorities on ML and predicate offences and raising their awareness and understanding in this regard.
- (d) Jordan should consider establishing effective mechanisms that enable the dissemination of UN lists to concerned institutions in the financial and non-financial sectors without delay and enhance supervisory activities especially for the non-financial sector to ensure that TFS are implemented and apply appropriate sanctions against institutions in breach.
- (e) Jordan should assess TF risks facing NPOs and identify the subset of most vulnerable NPOs to TF abuse and enhance understanding of TF risks in the sector. A risk-based approach to supervision should be adopted, including the implementation of enhanced or simplified measures in line with the identified risks, and conduct outreach programs and issue necessary guidance.
- (f) Jordan should ensure that all DNFBPs are subjected to AML/CFT obligations, ensure that they adopt and implement AML/CFT policies, establish internal controls and programs to appropriately mitigate risks, and implement appropriate CDD measures towards legal persons, and conduct ongoing monitoring to detect and report SARs to AMLU.

**Effectiveness & Technical Compliance Ratings:**

• **Effectiveness Ratings:**

<b>IO 1</b>	<b>IO 2</b>	<b>IO 3</b>	<b>IO 4</b>	<b>IO 5</b>	<b>IO 6</b>	<b>IO 7</b>	<b>IO 8</b>	<b>IO 9</b>	<b>IO 10</b>	<b>IO 11</b>
MOD	Substantial	MOD	MOD	LOW	MOD	LOW	MOD	Substantial	LOW	LOW
IO: Immediate Outcome										

• **Technical compliance Ratings:**

<b>R 1</b>	<b>R 2</b>	<b>R 3</b>	<b>R 4</b>	<b>R 5</b>	<b>R 6</b>	<b>R 7</b>	<b>R 8</b>	<b>R 9</b>	<b>R 10</b>
PC	LC	LC	PC	LC	PC	NC	NC	C	LC
<b>R 11</b>	<b>R 12</b>	<b>R 13</b>	<b>R 14</b>	<b>R 15</b>	<b>R 16</b>	<b>R 17</b>	<b>R 18</b>	<b>R 19</b>	<b>R 20</b>
LC	LC	C	LC	LC	LC	LC	LC	LC	PC
<b>R 21</b>	<b>R 22</b>	<b>R 23</b>	<b>R 24</b>	<b>R 25</b>	<b>R 26</b>	<b>R 27</b>	<b>R 28</b>	<b>R 29</b>	<b>R 30</b>
PC	NC	NC	PC	NC	PC	LC	PC	LC	C
<b>R 31</b>	<b>R 32</b>	<b>R 33</b>	<b>R 34</b>	<b>R 35</b>	<b>R 36</b>	<b>R 37</b>	<b>R 38</b>	<b>R 39</b>	<b>R 40</b>
C	PC	PC	PC	PC	LC	PC	NC	PC	PC
R: Recommendation									

## Mutual Evaluation Report

### **Preface:**

This report summarizes the AML/CFT measures in place in the Hashemite Kingdom of Jordan (hereinafter referred to as Jordan) as at the date of the onsite visit. It analyses the level of compliance with the FATF 40 Recommendations and the level of effectiveness of the AML/CFT system and recommends how the system could be strengthened.

This evaluation was based on the 2012 FATF Recommendations and was prepared using the 2013 Methodology and its relevant amendments. The evaluation was based on information provided by the country, and information obtained by the assessment team during its onsite visit to the country from 8 to 23 July 2018.

The evaluation was conducted by an assessment team consisting of:

- Mr. Antoine MANDOUR, Special Investigation Commission - SIC, Republic of Lebanon (Financial expert)
- Ms. Ayatollah Taher Al-NAJDI, Egyptian AML/TF Unit, Egypt (Financial expert)
- Mr. Abdul Aziz Ammar AL-QARNI, -Presidency of State Security, Kingdom of Saudi Arabia (Legal and Law enforcement expert)
- Mr Mohamed KAMOUN, Ministry of Justice, Republic of Tunisia (Legal expert)
- Mr. Musab Ibrahim MOHAMED<sup>1</sup>, Sudan Financial Investigation Unit, Republic of Sudan (Law enforcement expert)
- Mr. Yassin ELFADDALI, Central Bank of Morocco, Kingdom of Morocco (Legal expert)

The Secretariat team was formed of:

- Mr. Rachid KASIMI, Executive Officer - Mutual Evaluation, MENAFATF Secretariat
- Mr. Fahad Al DAWISH, Senior Mutual Evaluation Officer, MENAFATF Secretariat
- Ms. Shatha ISMAIL, Senior Mutual Evaluation Officer, MENAFATF Secretariat

The report was reviewed by:

- Financial Action Task Force (FATF).
- Mr. Abdel Rahman AL AKHRAS, Financial Follow Up Unit, Palestine
- Mr. Mohammed Rashid Al-NAJM, Central Bank of Bahrain

In 2009, Jordan underwent a MENAFATF Mutual Evaluation. It was conducted according to the 2004 FATF methodology. The MER was published in 2009 and is available on the MENAFATF's website (<http://menafatf.org/ar/information-center/menafatf-publications>) .(This MER concluded that Jordan is compliant with 5 recommendations, largely compliant with 7 recommendations, partially compliant with 25 recommendations and non-compliant with 11 recommendations. One recommendation was not applicable.

Following the adoption of the first round MER, the MENFATF regularly monitored the process. In April 2013, it moved from a regular follow-up to a biennial update because progress in all key and core recommendations was equivalent to largely compliant.

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<sup>1</sup> Mr Musaab Ibrahim Mohamed participated in the onsite visit but could not work with the Secretariat and the assessment team in the subsequent stages of the assessment process.

## **Chapter 1: ML/TF RISKS AND CONTEXT**

49. Jordan has common borders with 5 countries in Southwest Asia. It is located in the northwest of Saudi Arabia and south of Syria and covers an area of 89,287 Km<sup>2</sup>. According to the 2016 census, the population of Jordan consists of 9.8 million, around 3 million of whom are not Jordanian citizens, most of them are Syrian. The regional political and economic situation led to the displacement of a large number of refugees from Palestine, Iraq, Syria, Libya and Yemen to Jordan. Moreover, there are around 654 thousand foreign workers in Jordan, the majority of them are Egyptian.
50. The Jordanian economy is characterized as a developing economy based on free projects, in addition to the services which contributed of two thirds of the value economic production. The economy relies mainly on domestic production and is supported by foreign aid and remittances from Jordanian expatriates working abroad. In 2016, Jordan ranked 15<sup>th</sup> among 16 Arab countries in terms of GDP. Its GDP reached USD 38.7 billion which represents 1.2 percent of the Arab Countries' GDP. In this regard, GDP per capita reached USD 3941 in 2016, a 40.7 percent increase compared to its lowest level of USD 2808 in 2007. However, the unemployment rate rose to 15.3 percent in 2016 compared to 13 percent in 2015.
51. Jordan is a parliamentary royal monarchy and consists of three powers: executive, legislative, and judicial.

### **1.1 ML/TF risks and High-Risk Issues**

#### **1.1.1 Overview of ML/TF risks**

52. Jordan is not a regional or international financial hub, but its financial sector is developed, and it has important banking relationships in the Middle East. The Jordanian banking system exists in several European countries and in countries of South-East Asia, in the form of branches and subsidiaries for many years. Reported ML cases are rare.
53. Jordan shares long borders with Iraq, Israel, Saudi Arabia, Syria and Palestine which makes it vulnerable to the smuggling of cash, gold, fuel, drugs, cigarettes, counterfeit goods and other prohibited merchandise. There is no clear link between black market goods and large-scale crimes such as terrorism. Although the government revenues from taxes and charges on cigarettes account for approximately 4% of the GDP, cigarettes are widely available on the black market.
54. According to the preliminary results of the ML NRA, the most prominent predicate offenses whose proceeds are used in ML are tax evasion, robbery (criminal theft) and theft, and illicit trafficking in drugs. In addition, the money exchange sector faces moderate risks in terms of money laundering. The proceeds of these crimes were: tax evasion (695 million JD), robbery-criminal theft or theft (78 million JD), illicit trading in narcotic drugs and psychotropic substances (66 million JD), corruption and bribery (39 million JD), fraud (28 million JD) and smuggling (15.5 million JD).
55. Terrorism and TF risks are mainly related to the geopolitical situation in Jordan, the regional turmoil, increase of refugees, and the expansion of radical ideologies spread by ISIS and Al-Qaida and the proliferation of arms in the region.

#### **1.1.2 Country's risk assessment & Scoping of Higher Risk Issues** **National Risk Assessment**

56. Jordan initiated its first formal and comprehensive National ML/TF Risk Assessment (NRA) process in 2017, with the support of IMF, and in line with IMF methodology. It was found during the on-site visit that the NAMLTFC asked the GID, after the completion of both stages of identification of threats and vulnerabilities, to draft a TF risk assessment report, based on its experience and its ability in this field. The GID adopted the IMF methodology to this end.
57. The ML /NRA was based on filling out statistical and perceptions questionnaires (survey about the AMLU, LEAs and the judicial system, as well as the institutions perceptions about the country in general), through 7 main themes and on processing them. In parallel, it relied on reports issued by competent international bodies on the nature and size of domestic crimes. This process consists of three main stages represented in identifying threats and vulnerabilities, defining potential risks, and analysing their impact. As for TF/ NRA, authorities reported that the IMF methodology was adopted.

58. Jordan ensured the representation and participation of all relevant governmental and private sectors in the national team<sup>2</sup> established to assess ML risks at the national level, and AMLU is responsible to coordinate the assessment process, that coordinated with relevant national authorities to appoint delegates as liaison officers at the policy and operational levels, including the availability of powers to access necessary information.
59. In this regard, the national team studied the information collected and filled out statistical questionnaires and perceptions questionnaires and treatment thereof. In parallel, it relied on reports issued by international bodies on the nature and scale of crimes in Jordan.
60. Even though the last stage of the ML/TF NRA is not completed, the ML risk assessment Executive Summary revealed the following threats and vulnerabilities:
- The most prominent predicate offenses whose proceeds are considered to be a ML offense are tax evasion, burglary (criminal theft), theft, illicit trafficking in narcotic drugs and psychotropic substances, “corruption and bribery”, fraud and smuggling.
  - About 52 % of the domestic proceeds of predicate offenses were generated in cash whereas proceeds in the form of physical and financial assets were estimated at 27 and 21%.
  - Proceeds of international predicate offenses flow from neighbouring countries and trade partners through the informal financial sector, the smuggling of cash and physical assets and 82 % of them are laundered locally.
61. GID has provided the assessment team with its insight on the risks of terrorism and its financing, and is currently completing the other stages of the process. The GID revealed that it was aware of the relevant risks as a result of its practices. It has reported that TF risks are mainly related to the expansion of radical ideologies spread by ISIS and Al-Qaida and the regional proliferation of arms.

### **Scoping of Higher Risk Issues**

62. In terms of deciding about issues to be prioritized, the assessors reviewed material and information provided by Jordan on national ML/TF risks, the ML NRA Executive Summary and information from reliable third parties (such as reports of international organizations), so that the following list of issues has been identified to focus on:

#### **ML threats**

- **Tax evasion:** According to the NRA results, tax evasion is estimated at JOD 695 million (almost USD 1 billion), of which JOD 200 million (almost USD 282 million) are income tax related and JOD 495 million (almost USD 697 million) are related to sales taxes.
- **Illicit trafficking in narcotic drugs and psychotropic substances:** A study conducted by the Economic and Social Council revealed the widespread trafficking in drugs and other psychotropic substances in Jordan where they are sold at cheap prices<sup>3</sup>. Around 30 % of drug users buy their drugs through social media. According to some information, 13,830 cases were referred by the Anti-Narcotics Department to Jordanian courts in 2017. However, there was no information about the number of cases regarding which judgments were issued.
- **Corruption:** According to the Transparency International report for 2018, Jordan is ranked 58 out of 180 countries, and the fourth among the less corrupt Arab countries. The Jordanian Audit Bureau discovers between USD 1.25 million and 6 million of embezzled funds every year. According to statistics by the Audit Bureau, the number of corruption cases dropped from 1026 in 2010 to 151 in 2014. They ranged from

<sup>2</sup> National stakeholders involved in the ML/TF NRA consist of the MOFA, MOI, MOF, MOJ, MITS, MSD, Ministry of Information and Communications Technology, Ministry of Transport, Ministry of Agriculture, DLS, CCD, General Customs Department, Department of Statistics, Income and Sales Tax Department, Department of Antiquities, CBJ, JSC, IACC, TRC, the Energy and Minerals Regulatory Commission, the Judicial Council of Jordan, Associations Register at the MSD, Jordan Maritime Authority, the Jordan Post Company, PSD, GID, General Directorate of Gendarmerie, Joint Chiefs of Staff, Civil Defense Directorate, the National Center for Security and Crisis Management, Military Justice Directorate.

<sup>3</sup> <https://www.worldbank.org/en/country/jordan/publication/economic-update-april-2019>



abuse of power, wasting public funds, nepotism, favoritism, breach of duties, fraud, job exploitation and forgery.

- **Robbery (criminal theft) or theft:** Burglary and theft are growing in diversity and scale in an unprecedented way, such as armed bank robberies in broad daylight, and houses and cars theft and blackmailing their owners to return them in exchange for money.
- **Cybercrime:** Cybercrime is a relatively new crime in Jordan. The Cybercrime Unit in the Public Security Department received a large number of complaints concerning cybercrimes and violations. This can be attributed to the significant development of the IT sector in the Kingdom.
- **Human trafficking:** Jordan was classified by the US State Department placements in Tier 2 because it adopted its Law to Combat Human Trafficking (2009) which was consistent with the Protocol to Prevent, Suppress and Punish Trafficking in Persons. However, there are deficiencies in the implementation of this law (exploitation of workers, and their circumstances).
- **Real estate sector:** In the past two decades, the real estate market in Jordan faced successive spikes because of the political and economic developments in the region which led to an abnormal population growth in the country due to the influx of large numbers of Iraqis and Syrians. The Financial Stability Report issued by CBJ in 2016 shows that the volume of trading in the Jordanian real estate market reached around JOD 7 billion (almost USD 10 billion). Sales to non-Jordanians amounted to JOD 375.1 million in 2016 (almost USD 529 million) which accounts for 5.3 % of total real estate trading volume.

#### **TF threats**

- **Foreign terrorist fighters:** According to reliable intelligence, GID indicated that the number of terrorists affiliated to regionally active terrorist entities does not meet the internationally common standard (i.e. 3000 fighters) and that the number does not exceed 1,327 fighters, (326) of them returned to Jordan, while a large undetermined number of them died. Jordan is implementing strict security measures on its borders with neighbouring countries, particularly Syria and Iraq, to prevent the infiltration of terrorists to Jordan.
- **Cross-border movements of cash:** Jordan's geographical location is unique in the region and threats from neighbouring countries are increasing. Security services are therefore aware of the possibility of physically transporting cash and have tightened their control over official border crossings.
- **Non-profit organizations (NPOs):** By the end of 2017 there were 5735 NPOs, 3546 of which are supervised by the MSD and 1862 are supervised by other ministries. Moreover, 75 % of Jordanian NPOs are charities. The Associations Register licenses about 55 associations monthly, mainly active in the social, political, cultural, economic, and sports fields. As terrorist groups in Iraq and Syria lost their funding after losing control over oil fields, there is concern that charities may be exploited to finance terrorists and/or terrorist groups, especially those based on neighbouring countries, like Syria and Iraq.
- **Alternative remittance systems or hawala:** The exchange sector is widespread in Jordan. The cost of sending and receiving remittances in Jordan is the least expensive worldwide. It allows Jordanians and non-Jordanians to own property and work in the exchange sector. Considering the high number of non-Jordanian currently residing in Jordan (around 2.9 million non-Jordanians, 741 thousand of whom are refugees from different nationalities and 1.2 million Syrians including 660 thousand refugees, there is a possibility that some may resort to alternative remittance systems to transfer or receive money from abroad.

63. Through the scoping note exercise, one area was identified for lesser focus:

- *Financial markets are considered less risky because the number of companies listed on the stock exchange is low and does not exceed 200 companies. Furthermore, the volume of financial operations is very modest, which makes the risk of this sector low.*

#### **1.2 Materiality:**

64. According to international reports by the World Bank<sup>4</sup>, Jordan's economy remains in a low-growth scenario with GDP expected to increase by 1.9% in 2018 and 2.2% in 2019. Improvements in tourism, mining and quarrying are expected to have driven a timid improvement in growth; low growth signifies that the economy remains burdened with ongoing uncertainty in the region, slow revival of economic cooperation

<sup>4</sup> <https://www.worldbank.org/en/country/jordan/publication/economic-update-april-2019>

with Iraq, and an economic slowdown in the Gulf Cooperation Council (GCC) region. In addition, the economy is subject to a slow pace of structural reforms that is impeding a strong recovery in growth. Between 1991 and 2015, the informal economy “shadow economy” in Jordan accounted for 17.38% of the GDP.

65. Jordan’s labour market continues to face significant challenges in light of the rising unemployment rates by 18.5% in the fourth quarter of 2017. And the annual average labour force participation rate is 39.2%.
66. Jordan has a diverse financial sector. Banking sector assets account for the largest share of assets in both the financial and non-financial sectors, 93 % in 2017 during which there were 25 banks operating in Jordan, 16 local and 9 foreign. The money exchange sector has developed recently and by the end of 2017, the number of money exchange companies reached 140. Their capital amounted to JOD 91 million (almost USD 128 million). The securities sector is relatively modest in terms of dealings and the number of financial instruments listed. There are 194 listed companies.
67. There are disparities in the size and importance of the DNFBPs sector in Jordan. For example, the DPMS sector is highly developed. The number of members in the Jewellers Syndicate reached 1588 and their sales volume in 2017 is approximately JOD 62 million (almost USD 87.4 million). The volume of real estate transactions in 2018 amounted to about JOD 5 billion of the overall activity of the DNFBPs sector. The number of real estate agencies is around 150 offices, and (2.8) % of operations were carried out through these offices, while taking into account that its role is limited to brokerage work between the seller and the purchaser. Despite the development of the precious metals and stones sector, the annual sales volume is modest (62 million JD). As for lawyers and accountants, they often participate in corporates establishments, by virtue of powers of attorney granted to them but which do not authorize them, for instance, to conduct any transactions outside the scope of DLS, noting that 7% of sales transaction in 2018 were executed through notaries.
68. Casinos are banned in Jordan as gambling and all related acts as well as running casinos are a crime according to Articles 394 – 396 of the Penal Code No. 16 of 1960 and its amendments. Article 394 stipulates: “Anyone who runs a public gambling space shall be sentenced to up to six months in prison and shall pay a fine of up to JOD 50. (almost USD 70)”

### ***1.3 Structural elements***

69. The key structural elements for an effective AML/CFT system are present, such as political and institutional stability, accountability, transparency, rule of law, as well as a capable, efficient and independent judiciary and a strong political commitment to combat ML/FT.

### ***1.4 Background and Other Contextual Factors***

70. Financial inclusion for 2017 reached (42%) according to the data of the World Bank (adults (who are 15 years old and above) who hold a bank account). Jordan launched a comprehensive strategy for financial inclusion at the end of 2017. There are also some impediments regarding the opportunity to receive a credit from official financial institutions. On this note, only 14 percent of adults received a loan from a financial institution. Startups face challenges in accessing financing and 83 % of them rely on their “own funds” as a main financing source while the remaining 17 % rely on other sources such as bank loans, clients, friends, help from family, suppliers and financing institutions.

#### ***1.4.1 AML/CFT Strategy:***

71. There was a preliminary high-level consensus on the initial national strategy for the upcoming two years (2018-2020), including 3 principles and 11 strategic goals that were circulated by the AMLU to members of the national committee so that each party prepares an action plan for implementation. The draft strategy included a series programs from previous action plans that the Jordanian Authorities had not been able to process or complete during the specified deadlines (particularly those related to developing relevant legislations to comply with the latest international standards). However, it is not possible to determine whether this strategy includes all the risks derived from NRA and whether it has identified priorities<sup>5</sup>, as it came out following the on-site visit.

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<sup>5</sup> During the face-to-face meeting with the assessment team, the Jordanian authorities explained that the national strategy on combating ML/TF has been amended based on ML/TF NRA findings to be applied during the period from 2019 to 2021. The updated strategy was circulated on 7/2/2019 to the members of the national committee. The assessment team was unable to verify whether the strategy reflects the findings arrived at or whether it was disseminated to all subjected entities.

72. In addition to the above, Jordan adopted other strategies, including the Anti-Corruption Strategy, which covers the period 2017-2025 and aims at activating and establishing standards and principles of integrity. It also adopted a counter-terrorism strategy as well as a national anti-drug strategy.

#### **1.4.2 Financial Legal and institutional framework:**

73. The following primary authorities are an integral part of the AML/CFT framework of Jordan:

- **National AML/CFT Committee:** Its mandate is defined in Article 6 of the AML/CFT Law No. 46 of 2007 as follows: developing the general AML/CFT policy and setting the - necessary plans for its implementation; following-up with the competent authorities to fulfil the obligations under relevant and enforceable international resolutions; participating in international -forums on AML/CFT general policies; and studying the instructions and guidelines to be issued by regulatory and supervisory authorities. It is presided by CBJ governor, and it consists of all relevant governmental sectors represented by the Deputy Governor of CBJ (Vice Chairman), the Secretary Generals of relevant ministerial sectors (Ministries of Justice, Interior, Finance, and Social Development), the Director General of the Insurance Commission (become the secretary general of MITS), the General Controller of Companies, a Commissioner of the Securities Commission Board and the Chief of the AMLU.
- **Anti-Money Laundering and TF Unit (AMLU):** AMLU was established pursuant to the AML/CFT Law and its amendments as an independent FIU associated with the Governor of CBJ. The AMLU consists of four directorates: the Intelligence and Financial Analysis Directorate, the Directorate of National and International Cooperation, the Directorate of Information Technology and the Directorate of Administrative and Financial Affairs. It is responsible for receiving SARs on any ML/TF suspicious transaction, requesting related information, analysing and investigating the suspicious transaction, and disseminating the information to competent authorities, when necessary, for the AML/CFT purposes. The AMLU shall request reporting entities for any additional information deemed necessary for the performance of its duties if it is related to information previously received during the performance of its mandate or upon requests from Counterpart FIUs, as well as suspending, for a period not exceeding three working days, the on-going procedures and processes on a transaction suspected to be related to ML/TF.
- **Central Bank of Jordan (CBJ):** As a regulatory and supervisory authority, CBJ issues instructions, circulars and orders to ensure the safe and sound operation of financial institutions subject to its control. For example, it issued the AML/CFT instructions in line with the AML/CFT Law whose provisions are applicable to all entities under the Central Bank's supervision including banks, money exchange companies, payment and microfinance companies, and any company which will be subject to the supervision of the Central Bank. It also monitors entities through its office and field control tools. This includes verifying the parties' commitment to maintain effective systems and appropriate controls to identify and verify their clients and report any suspicious transaction after conducting an appropriate investigation.
- **Jordan Securities Commission (JSC):** JSC monitors and supervises entities under its control which include Amman Stock Exchange, the Securities Depository Center, companies issuing securities, financial services companies and their licensees, mutual funds and investment companies. The said Commission ensures that all entities under its supervision are compliant with its instructions and decisions, especially those related to them.
- **Insurance Department (Ministry of Industry, Trade and Supply):** It regulates and supervises the insurance sector to provide a conducive environment for its development and promote its role in safeguarding people and properties against risks. This helps in protecting the national economy, as well as collecting, developing and investing national savings to strengthen economic development in the Kingdom.
- **Ministry of Justice (MOJ):** MOJ is the executive arm of the Jordanian judiciary. It provides logistical, technical, financial and administrative support to judges such as human resources to work in the administrative apparatus in courts. The Ministry also refers international cooperation requests by other States to competent judicial bodies. At the same time, it refers requests sent by Jordanian judicial authorities to relevant jurisdictions. The International Cooperation Directorate was established by the MOJ which includes a special section for international cooperation which coordinates incoming and

outgoing mutual legal or judicial assistance requests and refers them to competent authorities to take the necessary procedures related to their implementation.

- **Integrity and Anti-Corruption Commission (IACC):** IACC investigates corruption crimes in line with Article 16 of the Anti-Corruption Law No. 13 of 2016 which granted it all powers to do so. According to Article 8-a-6, the Commission may refer corruption cases which were investigated and decided upon by the Board to the Prosecutor General and/or the judiciary. According to Article 8-b, it may also contribute to restoring proceeds of corruption activities. It has cooperated with the AMLU on many areas, including exchange of information, training, awareness and exchange of expertise.
- **Ministry of Foreign Affairs and Expatriates (MOFA):** It presided over the Technical Committee, and is responsible for sending UN Security Council resolutions lists to local Jordanian authorities. It also coordinates any engagement with the UN about sanctions resolutions (terrorism and proliferation financing).
- **Department of Lands and Survey (DLS):** It is responsible for proving, documenting and protecting the right of property of immovables; facilitating its exercise; providing the database necessary for the establishment of a national geographical information system; registering immovable property and defining and collecting related fees; managing State property through acquisition, leasing, delegation of authority and allocation; carrying out a comprehensive assessment of the value of immovable property and ensuring its sustainability; documenting and keeping record of real estate property information; promoting socio- economic stability and security; and encouraging investment.
- **Telecommunication Regulatory Commission (TRC):** The TRC was established by virtue of the Telecommunications Law No. 13 of 1995 as- an independent governmental institution that regulates the telecommunications and information technology sectors in line with the Telecommunications Law. It regulates telecommunications and information technology services in Jordan in accordance with the established general policy so as to ensure the provision of high-quality telecommunications and information technology services to Beneficiaries at reasonable prices; and, by so doing, to make possible the optimal performance of the telecommunications and information technology sectors. It is responsible for regulating the IT sector in accordance with the Telecommunications Law No. 13 of 1995 and its amendments. It also regulates the postal sector in Jordan, supervises all postal service providers and monitors their compliance with relevant sector legislations.
- **Ministry of Interior (MOI):** It is responsible for maintaining security, public order and safety and enforcing the law in Jordan. It consists of a number of directorates which play a key role in AML/CFT such as the Public Security Department, the Civil Status and Passports Department, the Syrian Refugee Affairs Directorate and others. It is considered the regulatory authority of the jewellery sector. It also contributes in the process of verifying criminal record of individual, when needed.
- **Ministry of Social Development (MSD):** It is responsible for policy making and supervising NPOs, including charities.
- **General Intelligence Directorate (GID):** The GID was established by Law No. 24 of 1964. This Law defined its duties and functions: protecting the internal and external security of the Hashemite Kingdom of Jordan through the necessary intelligence operations. It specializes in the preliminary investigation of TF offenses.
- **Military Justice Directorate:** It consists of a group of divisions and departments and a number of military courts. These include the Investigations Division, the Judgements Division, the Follow-Up and Inspection Division, the Legal Consulting and Legislation Division, and the Training and Judicial Cooperation Division. Public Prosecutors at the Military Justice Directorate also investigate terrorism and TF cases.
- **Jordan Customs departement:** It is responsible for implementing the Government's customs policy to collect revenues and import taxes and managing and controlling the movement of transiting goods. It exercises its powers stipulated in the Customs Law, including fighting custom smuggling, and activities in relation to physical cross-border transportation.
- **Jordan Free and Development Zones Group (JFDZG):** It aims at establishing and managing free zones, obtaining the necessary approvals and licenses including signing the development contract, providing infrastructure and establishing all facilities necessary for free zones, providing necessary services, ensuring a conducive environment for economic – especially investment – activities through

incentives and facilities, increasing investments. It also seeks to raise the revenues of free zones and development areas, enable them to become investment guides and an ideal option for investors, and support the national economy.

- **Technical Committee for the Implementation of Security Council Resolutions:** It is headed by MOFA, and it consists of MOFA and other members. It receives the lists from the Permanent Mission of Jordan to the United Nations in New York and circulates them to supervisory authorities which are among its members (CBJ).

#### **1.4.3 Financial Sector and DNFBPs**

74. All financial institutions in Jordan mentioned in the FATF recommendations are subject to the AML/CFT Law. It constitutes a legal and regulatory framework that governs financial sector AML/CFT obligations. Jordan also issued AML/CFT instructions for all financial institutions operating in Jordan except for Microfinance companies that recently became subject to the supervision of the CBJ. AML/CFT instructions include additional details compared to the AML/CFT Law.
75. Jordan has financial sectors mainly represented by the banking and exchange sectors. During the on-site visit, the overall identification of ML risks was still under preparation. Banks and exchange companies have been identified as high-risk sectors. Brokerage firms, payment service providers and DNFBPs have been identified as medium- risk sectors, while insurance companies and NPOs have been identified as low-risk sectors and TF risks in the financial and non-financial sectors have not been identified.
76. Banking sector assets are the largest share of assets in both the financial and non-financial sectors accounting for 93% in 2017. The number of banks operating in Jordan was 25 in 2017. It is divided between 16 local banks and 9 foreign banks. Foreign subsidiaries and companies affiliated with Jordanian banks apply the most stringent directives in case there is a difference between the directives and laws issued in Jordan and those issued in the host countries.
77. The exchange companies sector contributes to supporting the policy of the CBJ aimed at stabilizing the Jordanian dinar exchange rate. The sector witnessed a development after the number of exchange companies reached 140 companies by the end of 2017 with a consolidated capital of around JOD 91 million which is equivalent to 0.3% of the total assets of the financial sector. The corporate capital of exchange companies witnessed a significant increase from USD 84.5 million in 2013 to USD 129.6 million in 2017, during which the exchange companies sent and received JOD 10.1 billion worth of remittances.
78. In view of Jordan's location, the political and security unrest in some neighbouring countries, and the volume of domestic proceeds of predicate offences generated in the form of cash, which accounted for 52% of the total volume of proceeds ranging between JOD 709 million (almost USD 1 billion) and JOD 7.1 billion (almost USD 10 billion), according to the preliminary outcomes of the ML NRA, the exchange sector is considered high risk for ML and TF.
79. The Exchange sector is followed by the Payment and Electronic Transfer Service Providers sector. The total volume of activities of the sector (excluding bank cards) amounted to about JOD 6.3 billion, of which about (6.2) billion are related to the collection of invoices electronically and through the banking system.
80. Since its establishment, the securities sector has witnessed a rise in terms of trading volume and in terms of the number of listed companies, totalling 194 companies in 2017. This sector is still relatively modest since the trading volume in the Amman Stock Exchange in 2017 reached about JOD 2.9 billion and about (1.6) billion dinars without deals and about (1.3) billion with deals.
81. The total postal remittances reached about JOD 15 million, of which 11 million dinars were outward remittances and 4 million were inward remittances. These remittances were carried out through a general postal operator considered as the only entity permitted to provide money transfer services through postal offices, knowing that the transportation of funds is a prohibited activity and is not practiced on the ground. Financing companies represent a small percentage of the financial sector. They include financial leasing companies supervised by the MITS and microfinancing companies supervised by the Central Bank, and the number of companies performing microfinancing activities is 9 companies.
82. By the end of 2016, there were 24 insurance companies operating in Jordan with an estimated asset totalling JOD 900 million (almost USD 1.269 billion). These companies carry out their insurance

business within Jordan. One of them is licensed to practice life insurance, 8 are licensed to practice general insurance, and 15 are licensed to practice both. According to data, total written premiums amounted to JOD 594 million (almost USD 837 million) in 2017 of which life insurance premiums of about JOD 80 million (almost USD 112 million).

83. Jordan has the majority of DNFbps mentioned in the FATF recommendations; such as real estate agents, dealers in precious metals and stones, lawyers and accountants.
84. Among DNFbps are jewellers and jewellery dealers that are subject to the relevant requirements of the AML/CFT law. The number of syndicate members is 1588 members and their sales volume in 2017 is estimated at approximately JOD 62 million (almost USD 87.4 million).
85. Real estate offices are between 140 and 160 offices. The volume of real estate transactions in 2018 amounted to about JOD 5 billion dinars (almost USD 7 billion), of which (2.8)% of operations were carried out through the real estate offices.
86. Although there are notaries in Jordan, they are affiliated to the MOJ. The FATF definition therefore does not apply to them.
87. Casinos are banned in Jordan.

**Table 1.4.3.1: size of the financial institutions and DNFbps**

<b>Sector</b>	<b>Number of licensees/ registered</b>	<b>Observations</b>
Banks (including local banks and branches of foreign banks)	25	25 divided between 16 local banks and 9 foreign banks.
Insurance companies	24	Life insurance premiums account for 13.46 % of total premiums
Insurance agents and brokers	806	639 agents and 176 brokers
Money exchange companies	140	At the end of the onsite, 138 exchange companies and 144 branches are geographically distributed in different regions
Securities services	86	
Financial leasing companies	128	
Electronic transfer and payment service providers	12	The total volume of activities of the sector amounted to about JOD 6.3 billion
Lawyers		Most lawyers are individual practitioners or work in small companies
Accountants	600	Their role is limited to establishing companies on behalf of others
Real estate agents	160	34 new licenses were granted, 10 were cancelled and 4 were suspended
Real estate traders	193	
Postal service providers	89	Out of which one general postal operator permitted to provide money transfer services
Dealers in precious metals and stones	1918	
Microfinancing companies	9	
<b>Non-profit organizations</b>	<b>5735</b>	

**Table 1.4.3.2: distribution of legal persons and arrangements**

Type of legal person or arrangement	Total
Companies registered with the Companies Control Department	6802
Companies registered with the Jordan Free and Development Zones Group	Total: 490
Limited liability companies	
Solidarity companies	480
Limited partnership companies	10
	0
Rented companies registered with the Jordan Free and Development Zones Group	Total: 1653
Limited liability companies	
Solidarity companies	943
Limited partnership companies	607
Foreign companies	100
	3

**1.4.4 Preventive Measures:**

88. FIs are subject to the AML/CFT Law, as well as instructions by the Central Bank, the Securities Commission, and the InD at the MITS. These legal provisions include preventive measures for different sectors, such as detailed requirements for due-diligence, record-keeping, training, and monitoring and reporting transactions, and they define the role and mandate of the reporting officer.
89. DNFBPs sector is also subject to the AML/CFT Law. In Jordan, this sector consists of real estate agencies, DPMS; however, accountants and auditors, and lawyers are not subject to the provisions of this law because they are not explicitly referred to among the non-financial entities.

**1.4.5 Legal persons and arrangements**

90. Companies are established in Jordan and registered under the Companies Law of 1997. The CCD of the Ministry of Industry and Trade is responsible for registering and licensing companies. The Ministry has taken some measures to combat the misuse of legal persons for ML/TF purposes. The following is a table on the types of companies, their number and registered/current capital:

<b>Table 1.4.5.1: types of companies, their number and capital in Jordan</b>				
Serial No.	Company type	Number	Registered capital (JOD)	Current capital /JOD
1	Joint partnership	11,638	130,406,098	135,486,534
2	Limited partnership	2,588	55,862,899	59,396,940
3	Exempt	296	30,788,813	52,509,449
4	Special purpose	1	50,000	50,000
5	Foreign company – operating branch	140	10,000	10,000
6	Foreign company – regional office	340		
7	Jordan Private Investment Fund	1	7,100,000	7,100,000
8	Joint Arab	1	350,000	350,000
9	Non-profit	680	1,999,237	3,948,094
10	Limited liability	19,052	489,821,253	705,327,233
11	Civil	172	1,010,890	1,344,390
12	Private joint stock	302	444,615,766	502,517,613
13	Public shareholding	1	4,774,525	4,774,525
<b>Total</b>		<b>35,512</b>	<b>1,166,789,481</b>	<b>1,472,814,778</b>

91. Basic information on the creation and types of legal persons is available to the public on the websites of the CCD and the Ministry of Industry and Trade and Supply. It is easily possible to make query and search through these websites, but they are not periodically updated. It was not found that trust funds are operated in Jordan. It is also noticed that the number of NPOs has rapidly increased in Jordan recently.

92. Charities are licensed, supervised and controlled by the competent Ministry responsible for their establishment and supervision and which holds information on these charities. Charities are obligated to provide the Ministry with its basic information, including any change in its structure.
93. There are 5735 non-profit organizations (associations) supervised by 13 specialized ministries. However, Jordanian authorities did not identify the subset of the NPOs that fall under the definition of FATF. Moreover, Jordanian authorities did not define the nature of threats posed by terrorist groups to NPOs. They did not consider how terrorist groups exploit NPOs.

***1.4.6 Supervisory agencies:***

94. Supervisory authorities are mandated to license, supervise and control financial entities. The Central Bank, the Securities Commission, and the InD at the MITS are the main supervisory and regulatory bodies of the financial sector. Financial leasing companies and companies that carry out financial activities are supervised by the Companies Control Department/MITS. Postal service companies are supervised by the Telecommunications Regulatory Commission. Regulatory and supervisory bodies of the financial sector draw their mandate from the AML/CFT Law.
95. As for the supervision of DNFBPs sector, the DLS is the competent authority responsible for ensuring that real estate offices comply with the AML/CFT requirements. Its powers were defined in Article 12-a-2 of the Real Estate Offices Regulations of 2013. The MOI is responsible for licensing jewellery shops in accordance with the 2009 Instructions for Licensing Jewellery Stores. The Bar Association Council supervises the work of lawyers. Article 37-5 of the Bar Association's Rules of Procedure and its 1966 amendments set out the mandate of the Council to control the work of lawyers. Accounting and auditing are also regulated and licensed under the provisions of the Law of Organizing the Practice of the Public Accounting Profession, Law No. 73 of 2003. There is conflict in terms of determining the authorities mandated by AML/CFT law to control and supervise the lawyers and certified accountants.

***1.4.7 International Cooperation:***

96. MLA and extradition requests are either processed in accordance with the provisions of Jordanian laws and bilateral or multilateral agreements ratified by Jordan or in line with the principle of reciprocity. Jordan also benefit from its membership in international organizations to activate its international cooperation with other member states.
97. On another hand, LEAs, supervisory authorities and Jordan customs department exchange information in general according to their specific competences. Moreover, the GID exchanges information with competent international authorities more effectively than others. The AMLU provides a lot of information which it collects from databases that it can directly access or through a number of written procedures to several parties, according to the type and requirement of the international request.



## Chapter II: - NATIONAL AML/CFT POLICES AND CP-ORDINATION

### 2.1 Key findings and recommended actions:

#### 2.1.1 Key findings:

- a. All relevant governmental and private sectors participated in the national team formed to assess the ML risks at the national level. The task of coordinating the assessment was entrusted to AMLU, which coordinated with relevant national authorities.
- b. The TF NRA process was entrusted to the GID which has a good understanding of risks. Yet, it did not share this understanding with other authorities, which implies that the understanding of TF risks remains low in general.
- c. The understanding of ML risks is considered moderate and non-unified, despite the participation of concerned authorities in the NRA process. The information used to assess the predicate offenses seems inaccurate and non-comprehensive, which negatively affected the quality of the NRA findings in Jordan.
- d. As the national ML/ TF NRA process was not completed and the ML risk assessment was limited only to identifying threats and vulnerabilities separately without reaching a final risk assessment, this had an impact on the understanding of the risks of these crimes and it does not appear that the national AML policies and action plans are based on these risks, while it is found that the national anti-terrorism strategy is only focused on combating this crime and did not include measures to deal with TF risks.
- e. The preliminary results of the national ML risk assessment were disseminated to the CBJ and JSC which are both the supervisors of most part of the financial sector in Jordan; however, no measures were taken to disseminate the results to other entities.
- f. There are efforts for cooperation and coordination at the national level, particularly by the AMLU, but they are not sufficient among other entities and they are limited to informal cooperation and high-level committees, and do not include ongoing mechanisms for cooperation and coordination at the operational level.
- g. The national ML risk assessment included a low risk rating for the NPO sector, while the national TF risk assessment did not address the risk assessment of NPOs.
- h. Efforts are being made by AMLU and supervisory bodies in the areas of capacity building and awareness-raising, but there is a need to intensify these efforts to be consistent with risks at the national level.

#### 2.1.2 Recommended actions:

##### Jordan should:

- a. Seek to finalize the national risk assessment to ensure a good and comprehensive understanding of the risks of ML/TF among all concerned entities.
- b. Review national strategies related to ML/TF to take into account the final findings of the NRA and ensure their integration with sectorial plans, policies and strategies;
- c. Disseminate the relevant NRA findings and promote the level of awareness of ML/TF risks among all the stakeholders, including LEAs. Conduct a risk analysis on the misuse of NPOs in the area of TF
- d. Strengthen national coordination at the operational level for the implementation of national policies through the creation of proper cooperation mechanisms like operational committees.

98. The relevant Immediate Outcome considered and assessed in this chapter is IO1. The Recommendations relevant for the assessment of effectiveness under this section are R1-2 R.33 and R.34.

### 2.2 Immediate Outcome 1: Risk, Policy and Co-ordination

99. Jordan was keen to engage all governmental agencies and the private sector in the national team formed to assess ML risks at the national level. The task of coordinating the NRA was assigned to AMLU, which has coordinated with the relevant national authorities to appoint liaison officers, including the authority to access the necessary information.

## **2.2.1 Country's understanding of its ML/TF risks ML**

### **Risks understanding**

100. Jordan has a moderate and non-unified understanding of ML risks. The national ML risk assessment did not constitute a starting point for this understanding, as it was found that this understanding resulted from practice and was drawn from the domestic risk environment (the nature of the most prevalent crimes at the domestic level, such as tax evasion, international trafficking in narcotic drugs and psychotropic substances and the regional risk environment). Several authorities indicated that the NRA did not result in any new information regarding which it had not previously taken appropriate measures, whether practically or strategically, through sectoral and national action plans.
101. AMLU has a good understanding of ML risks, as well the case for CBJ (the Banking Supervision Department and the Money Exchange Supervision Department) and JSC which are the supervisors of most part of the financial sector in Jordan , particularly in conducting the sectorial ML risk assessment (see IO.3). Nonetheless, it is found that the sectorial risk assessment conducted by the CBJ needs to be updated, based on the preliminary results of the national risk assessment, due to some disparity; given that the sectorial assessment made for banks and exchange companies concluded that the risks facing both sectors were moderate to low, while the preliminary results of the national ML risk assessment ranked them as high-risk. As regards the DLS and the IACC, they have a good understanding of ML risks, while the understating of the rest of supervisory authorities is limited, even if they do not represent the largest part of risks, according to Jordan's profile.
102. LEAs' understanding of ML risks is limited. On this note, they stated that ML prosecutions are of secondary importance compared to predicate offenses, and these authorities did not seem acquainted with ML patterns prevailing at the local level, since they did not provide any examples drawn from case studies on anything that could constitute a ML risk. This is partly caused by the absence of any feedback, namely from the AMLU based on the SARs and notifications received and, on the outreach, or cooperation with counterpart FIUs that appear to be limited (see IO.2 and IO.6). On the other hand, concerning the threats faced by Jordan, these authorities indicated that crimes against the persons and the general system rank first, followed by financial crimes and that the size of the criminal proceeds cited in the preliminary results of the NRA is overstated and unreliable and would result in channelling resources toward secondary crimes according to practice. Based on the interviews made by the assessment team with the authorities, it is found that Jordan Free and Development Zones Group's understanding is weak and the ML risk understanding in banks and insurance companies of foreign groups is good, while the rest of FIs, including financial brokerage companies and money transfer companies which represent high risks, according to Jordan's context and the preliminary results of the national risk assessment, have a limited understanding. DNFBPs sectors have no understanding of ML risks.
103. Jordan initiated its first NRA in January 2017 in order to improve its understanding of ML/TF risks. However, the assessment process was not finalized by the date of the on-site visit, which negatively affect Jordan's ability to understand the risks in a clear and consolidated manner. In addition, Jordan has not yet identified the overall level of ML/TF risks but identified the relevant threats and vulnerabilities<sup>6</sup>. Jordan concluded from the preliminary findings of the NRA that the most prominent predicate offenses whose proceeds involve a ML offense are tax evasion, robbery (criminal theft) and theft, illicit trafficking in narcotic drugs and psychotropic substances, corruption, bribery, fraud and smuggling.

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<sup>6</sup> During the face to face meeting, the Jordanian authorities reported that the national assessment of ML/TF risks has been finalized and the executive summary of the evaluation findings was circulated to members of the national committee on 6/2/2019. To be circulated thereafter by supervisory and regulatory bodies on 7/2/2019. It should be noted that the revised version of the executive summary also includes the findings related to TF risks. The assessment team was unable to verify the accuracy, quality and comprehensiveness of the final State findings because of the recent completion of the evaluation process.

104. A table showing the value of criminal proceeds and their percentage of the GDP in 2016:

<b>Table 2.2.1.1: criminal proceeds</b>			
<b>% of GDP</b>	<b>Value of proceeds (JOD)</b>	<b>Range (JOD)</b>	<b>Type of crime</b>
2.74%	695,000,000	JOD 70.9m to 709.0m	Tax evasion
0.31%	78,174,790	JOD 70.9m to 709.0m	Robbery (criminal theft) and theft
0.26%	66,079,000	JOD 7.1m to 70.9m	Illicit trafficking in narcotic drugs and psychotropic substances
0.15%	38,984,500	JOD 7.1m to 70.9m	Corruption and bribery
0.11%	28,140,000	JOD 7.1m to 70.9m	Fraud
0.06%	15,597,969	JOD 7.1m to 70.9m	Smuggling
0.04%	9,239,171	JOD 7.1m to 70.9m	Counterfeiting and piracy of products
0.02%	4,114,460	JOD 708,999 to 7.1m	Illicit trafficking in stolen and other goods
0.01%	2,242,050	JOD 708,999 to 7.1m	Illicit arms trafficking
0.01%	1,649,999	JOD 708,999 to 7.1m	Sexual exploitation, including sexual exploitation of children
0.00%	450,001	JOD 70,999 TO 708,999	Trafficking in human beings and migrant smuggling
0.00%	224,205	JOD 70,999 TO 708,999	Insider trading and market manipulation
0.00%	224,205	JOD 70,999 to 708,999	Forgery
0.00%	224,205	JOD 70,999 to 708,999	Counterfeiting currency
0.00%	217,045	JOD 70,999 to 708,999	Environmental crime
0.00%	61,570	JOD 7,090 to 70,900	Murder, grievous bodily injury
0.00%	22,421	JOD 7,090 to 70,900	Extortion
0.00%	22,421	JOD 7,090 to 70,900	Other proceeds generating crimes
0.00%	2,242	Less than JOD 7,090	Illicit gambling
0.00%	2,242	Less than JOD 7,090	Piracy
0.00%	2,242	Less than JOD 7,090	Kidnapping, illegal restraint and hostage-taking
3.70%	940,672,497	JOD 709.0m to 7.1 b	Total

105. It is worth noting that 52% of the domestic proceeds of predicate offenses were generated in cash whereas proceeds in the form of physical and financial assets were estimated at 27 and 21%. Additionally, proceeds of international predicate offenses flowing to Jordan are from neighbouring countries (which at the same time receive criminal proceeds outflowing from Jordan) and trade partners, at an estimated amount of approximately USD 216 million per year, (equivalent of JOD 153 million) through the informal financial sector, the smuggling of cash and physical assets, of which 82% are laundered in Jordan, while the rest flows outside Jordan, as mentioned in the ML NRA executive summary provided by the Hashemite Kingdom of Jordan during the onsite visit (the theme related to threats).

106. The NRA national team studied the information collected and filled out statistical questionnaires and perceptions questionnaires (perceptions survey about the AMLU, LEAs and the judicial system, as well as the institutions perceptions about the country in general), through 7 main themes and treatment thereof. In parallel, it relied on reports issued by international bodies on the nature and scale of domestic crimes in Jordan. However, it appeared to the assessment team that this information is non-comprehensive, namely as regards the information drawn from the Meezan system, considering that the comprehensiveness and accuracy of the information available in the analysis of predicate offenses reflected a weakness due to the difficulty of providing accurate statistics on the values of proceeds, seizures, confiscations and criminal recoveries in ML offenses and associated predicate offenses, given that the “Meezan” system, which is used for the completion of information relevant to the national risk assessment, comprised information on investigations, prosecutions and judicial assistance, as at the onsite visit. This caused an obstacle to the provision of the statistical information required to prepare the NRA. This compelled Jordanian authorities to seek approximate statistics and qualitative information. It was noticed that there were different views among authorities on the size of threats these offenses represent, especially tax evasion and illicit trafficking in narcotic drugs and psychotropic substances. This difference in the views did not result in a radical change in the category of offenses that are considered the most dangerous in Jordan, yet, it negatively affected the quality of NRA results.

107. The country reported that all conclusions of ML NRA were presented and discussed in workshops with the participation of all relevant national authorities. It did not appear that sufficient detailed information on the results of this assessment was provided at the legislative, institutional and operational levels.

### **TF risks understanding**

108. According to the interviews conducted during the on-site visit, it appeared, in general, that Jordan's understanding of TF risks is low, except for the GID at the MOI which has a good understanding of TF risks while the understanding of the AMLU, CBJ, InD, DLS, JSC, and PPO is limited, insufficient and inconsistent with the understanding of GID. The Group of Free and Development Zones' understanding of TF risks is weak. Regarding FIs, the understanding differs from a sector to another, but it is weak in general. It is worth noting, that the exchange houses understanding is poor in general. On the other hand, DNFBPs understanding of TF risks is inexistent. This conclusion is based on the discussions with LEAs, judicial authorities, supervisory authorities and the private sector. The assessment team was not provided with any examples of what may constitute a TF risk. As an indication, a bank stated during the meeting held with it that it notified the AMLU of four inhabitants living in a residential apartment, which could constitute, in its opinion, a TF risk, without any financial transactions taking place on their accounts. Other banks which were visited did not provide any examples of TF risks, and such is the case with other financial and non-financial institutions, except for an exchange company which provided limited examples of what may constitute TF risks, for executing money transfers to exchange companies overseas (see IO.4).

109. The GID is the authority that assumes the most important role in the assessment of TF risks at the national level. It showed an awareness of the relevant risks based on practice; however, until the end of the onsite visit, the GID did not provide any details regarding the TF NRA process, indicating that the results reached came out of its self-assessment of these risks. It mentioned that the terrorism and TF risks are basically related to the regional instability and displacement of large numbers of refugees, mainly from Iraq, Syria, Libya and Yemen; in addition to the expansion of radical ideologies spread by ISIS and Al-Qaida and the expansion of arms in the region. It also added that the TF risk assessment is still at a preliminary stage.

110. GID provided the assessment team with a paper containing its - vision of the TF risks based on the field experience it acquired from dismantling a number of terrorist cells from the reality of the terrorist threats to the Jordanian arena and the plans and procedures to address these threats and identify means and methods used by terrorists to finance their activities and develop appropriate solutions to deal and counter the financing methods. Also, during the on-site visit, the GID presented elements of its self-assessment of the geographical, regional and security situations, their local repercussions and funding trends by introducing intelligence and field experiences about cells it dismantled.

111. According to GID, domestic and international money transfers, physical transportation of cash, informal collection of funds, self-financing (personal savings, salaries, personal loans, the sale of personal properties, fund raising in an informal way from some relatives and friends, without knowing about their schemes) are the major funding trends in Jordan. The focus is on targeting and preventing the funding sources from reaching terrorism groups and monitoring any institutions and entities suspected of providing financial support to terrorists under various covers (charity, humanitarian or social).

112. According to the GID, the domestic TF is limited to self- financing through legitimate sources (such as family subsidies and sale of personal property), and the perpetrators intend to avoid the local financial system and prefer to move cash physically. However, suspicious financial activities related to remittances and transfers through exchange houses represent high TF threats. Accordingly, the GID has taken some preventive measures towards FIs by regularly monitoring transactions in order to detect any financial violations or suspicious engagements and by coordinating with relevant (supervisory and judicial) authorities to take the necessary measures to this end.

113. As regards some Syrian refugees in Jordan who send and receive remittances from Syria or abroad, Jordanian authorities mentioned that they are thoroughly monitoring this activity; and it was established

that most of these remittances are within the familial context. Concerned authorities have previously taken several measures against Syrians who are illegally engaged (without having a formal license) in the money transfer field and whose involvement in this activity was proven and they were repatriated to Syria upon their request after being ordered to leave Jordan.

114. According to Jordan, investigations and convictions show that NPOs are not used for TF purposes and according to the preliminary findings of the NRA presented to the assessment team, they are classified as low risk, and this is normal for the sector in general, but the documents and information provided to the assessment team did not include a risk assessment of TF relevant to the sector. However, the assessment team considers that the size of the sector and its poor supervision and the case shared point towards the presence of high risks that are associated with this sector. A practical case shows a member of a charity collecting or raising funds for the benefit of a terrorist organization (see box 4.2.4), and this case was not reflected in the preliminary findings of the NRA.

### **2.2.2 National policies to address identified ML/TF risks**

115. Jordanian authorities adopted a national AML/CFT action plan between 2013 and 2015 which was extended until the end of 2017. It is worth noting that this national action plan did not reflect the preliminary findings of the national risk assessment. AMLU is in charge of implementing its main and subsidiary items, and holds meetings with all relevant stakeholders within their respective mandates. This action plan consists of 7 themes and 39 sub-items, and aims to achieve three strategic objectives:

- reviewing and developing relevant legislation to be consistent with international standards,
- identifying and assessing local risks, and
- promoting and strengthening the institutional capacity of relevant national stakeholders.

116. The main themes of AML/CFT plan included a number of topics that covered drafting, developing and amending related laws and regulations according to international standards, identifying risks of ML/TF activities, preparing and implementing programs for ML/TF risk management, enhancing supervision of FIs and DNFBPs, enhancing technical capabilities for concerned entities, developing mechanisms for coordination and information exchange. However, the action plan was not based on the results of the NRA results.

117. There was a preliminary high-level consensus on the initial national strategy for the upcoming two years (2018-2020), including 3 principles and 11 strategic goals that were circulated by the AMLU to members of the national committee so that each party prepares an action plan for implementation. The draft strategy included programs from previous action plans that the Jordanian Authorities had not been able to process or complete during the specified deadlines (particularly those related to developing relevant legislations to comply with the latest international standards). However, it is not possible to determine whether this strategy includes all the risks derived from NRA and whether it has identified priorities <sup>7</sup>, as it came out following the on-site visit.

#### **Box 2.2.2.1 Initial objectives of the national strategy for years (2018-2020)**

- Review and development of legislations on AML and associated offenses and the financing of terrorism and proliferation, according to the international standards.
- Promotion and development of financial and human resources and institutional governance for the entities concerned with AML, associated offenses and terrorist financing.
- Development and comprehensiveness of licensing, control and inspection over financial institutions and DNFBPs.
- Promotion of the ability to prevent, detect, and prosecute the ML crime and associated offenses and the TF crime, including conviction, seizure, confiscation and management of the proceeds of crime.
- Development of software and electronic systems in the field of combating money laundering, associated offenses and terrorist financing.
- Development of mechanisms and procedures to identify the beneficial ownership.
- Promotion of local and international cooperation in the field of AML associated offenses and terrorist financing.
- Development of statistics and databases relevant to AML, associated offenses and terrorist financing.
- Development of means and tools aimed at minimizing reliance on cash or accessing alternative financial systems.
- Update of Jordan's ML/TF risk assessment.

<sup>7</sup> During the face to face meeting with the assessment team, the Jordanian authorities reported that the national strategy for AML / CFT was amended based on the final results of the national AML / CFT assessment to be applied during the interim period extending between 2019 and 2021. This updated strategy was circulated to members of the National Committee on 7/2/2019. The assessment team was not able to verify the extent to which the strategy reflects the results obtained or disseminated to all subjected entities

118. On the other hand, the efforts made at the sectorial level<sup>8</sup> to identify threats and vulnerabilities are not fully consistent with the risks identified by all concerned national authorities. These sectorial plans result from self-assessments conducted by national authorities without being consistent with the risks identified at the domestic level overall and which were sometimes different.
119. As regards combating terrorism and its financing, intelligence and security bodies adopted, within the competences they are legally entrusted with and considering Jordan's geographical location close to the hotbeds of tension, a national counter terrorism strategy (2017-2019) as an integral part of the security system that is continuously updated in light of evolving criminal patterns that enabled a switch from a defensive approach to a proactive offensive approach (prior warning).
120. The current approach (national plan for the period 2014-2016) includes combating extremist ideology by training Imams and religious advisors, framing religious discourse, and promoting the values of tolerance, pluralism, and the culture of respecting human rights and guaranteeing social justice. These efforts did not contain any main or sub-programs associated with terrorist financing.

### ***2.2.3 Exemptions, enhanced and simplified measures***

121. Supervisory and monitoring authorities (CBJ, InD and JSC) instructions permit applying a simplified due diligence for low risk customers and transactions, except in cases of ML / TF suspicions, or in case of high-risk situations. However, the supervisory authorities did not issue any orders regarding circumstances associated with simplified measures. This may be due to their lack of awareness of the risks (as they have not completed the national risk assessment yet) and the sectors which represent lower risks than others. This is highlighted by the AML/CFT instructions issued to banks during the onsite visit which stipulate that the CBJ "determines, by virtue of orders it issues, the cases or transactions which should be conducted or the customers regarding which simplified due diligence measures should be implemented".
122. Jordan did not provide any information on such measures taken by other entities subject to the provisions of 2007 AML/CFT Law, particularly DNFBPs.

### ***2.2.4 Objectives and activities of competent authorities***

123. No mechanisms were adopted to properly implement the national AML/CFT plan at the sectorial level. However, CBJ, JSC and DLS adopted a risk-based approach to supervision, which relies, in terms of its causes and determinants, on the threats and vulnerabilities of entities subject to the Law in major areas (governance, internal policies and controls, information systems), which were detected as a result of previous off-site and on-site supervisions and the resulting risks which require the enhanced supervisory tasks to be scheduled and their frequency and intensity determined, in line with the sensitive risks identified, where efforts would be focused on institutions which are the most exposed to these risks. However, the remaining supervisors of financial and non-financial sectors did not adopt the same approach to supervision of these sectors (refer to IO 3).

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<sup>8</sup> In addition to the efforts on the legislative and regulatory fronts (devoted to the automatic legal accountability characterized by stringent financial and custodial sanctions), the Customs Authority and the Tax Evasion Directorate at the Income and Sales Tax Department have each adopted two action plans to monitor the cross-border transportation of funds and to reduce the tax evasion crime, in line with the evolving smuggling and commercial fraud techniques. In this context, the Customs Authority has computerized the financial and customs procedures, documented and archived the approved entries (the value system), monitored the outstanding data entries, carried out a subsequent audit of the customs data, established targeting criteria (to target importers who have judicial precedents, in addition to dangerous countries of origin), intensified inspections, developed the electronic tracking system and published exchanged information on criminal patterns. On a similar note, the Kingdom of Jordan has adopted several "field" and "thematic" strategies:

- The national strategy to promote financial inclusion: based on 3 themes, including microfinance, digital payment services, and small and medium enterprises;
- The national strategy to combat cross border organized crime: including combatting trafficking, possession, and use of drugs and other psychotropic substances, implemented by the Public Security Directorate at the Ministry of Interior through two phases (2014-2016, 2017-2019) in partnership with other components of the security service, especially by strengthening border controls. The number of trafficking cases handled by the Anti-Narcotics Department between 2013 and 2017 reached around 6500 cases with 11499 individuals. In this regard, the adopted approach is based on three themes: preventive, operational and therapeutic;
- The national strategy to strengthen integrity and combat corruption: (2017-2025) aimed at promoting 5 principles in 6 directions to be implemented by the Integrity and Anti-Corruption Commission established by virtue of Law No. 62 for 2006. The principles revolve around the rule of law, good governance and transparency in the work of the public administration, justice, equality, equal opportunities and accountability. As for **directions**, they include the executive, legislative and judicial branches, the private sector, political parties, unions, non-governmental organizations, civil society organizations and the media. The implementation of some items of this strategy (projects 6, 9 and 21) was accompanied by a comprehensive awareness raising campaign on the implications of social and economic corruption, its forms and ways to combat it, as well as the need to promote the principle of the rule of law and good governance in public institutions, and the sound expenditure of public funds and linking responsibility to accountability.

124. Furthermore, efforts made by AMLU and supervisory authorities on the financial sector need to be enhanced to increase capacity and raise awareness to ensure familiarity with new criminal trends as no reports or guidance were issued by the said authorities (derived from SARs received or based on the onsite or offsite monitoring activities) in this regard, except AMLU for having issued a guide on TF risks (refer to IO 6).
125. As regards the activities of security authorities to combat terrorism and its financing, Jordan mentioned that it has been exerting efforts since 2005 to counter extremist and Takfirist ideologies through a national plan, which is reviewed to ensure it is consistent with domestic and regional developments in view of the evolving activities of Takfiris at the internal level and their external expansion, which enabled to prevent them from establishing an organizational structure or a unified reference and to keep them in a state of dispersion and discord at the practical and subordination level. It also takes preventive measures to suppress any attempts made by Jordanians to join extremist groups abroad.
126. GID confirmed that the number of Jordanian fighters affiliated to regionally active terrorist groups is lower than the international average (around 3,000 fighters in Syria and Iraq). GID estimates the number of Jordanian FTFs does not exceed 1327 (between administrators, clerks and fighters), 326 of which have returned, and a large number of the remaining ones were killed in the battlefields, according to reliable intelligence. Most of these fighters joined the Iraqi-Syrian front through third countries under the cover of study or tourism. The smuggling of fighters across the Jordanian borders remains in their opinion at its lowest levels due to the security measures.
127. Jordanian authorities also indicated that they adopted a proactive approach to monitor the movements of FTFs and their families across the borders, especially the potential transportation of funds, in light of their expected return to Jordan. According to GID, the long border with neighbouring countries, especially in the desert, is a security burden in terms of monitoring. In fact, experienced smugglers who are familiar with old tunnels (now destroyed) smuggle these fighters and transport weapons and explosives. Authorities continue to monitor fighters during their time in prison and after they are released.
128. As a result, security bodies succeeded in thwarting several terrorist schemes and prohibited the use of local border points as a transit channel for extremists to conflict zones and the number of Jordanian fighters in Syria and Iraq is still decreasing<sup>9</sup>. Considering that terrorist organizations rely on cyber-space in the organizational front (rallying, recruitment, organizational work and communicating with extremists to convey instructions and expertise), security agencies endeavoured to develop their technical capacities in this field and to keep abreast of the technological developments, which would enable them to detect terrorist schemes at their stages of execution and in a timely manner, whether within Jordan or abroad. They also monitor the misuse of social media, particularly as regards the promotion of radicalism, incitement to violence, and take legal measures against the perpetrators. It is worth noting in this regard that many of ISIL supporters were brought to court, when their activities to support this organization through social media was identified, as a result of the investigations made with them and the establishment of their extremist inclination and the promotion of such trend through the Internet.
129. The GID also actively monitors the continuous attempts to smuggle arms from Syria to Jordan, particularly that local arms-dealers are still pursuing their interest in the sale and purchase of arms without being aware whether the parties they are dealing with are related to extremism, given that they are interested in material gain without having any concerns that extremists would exploit such operations through the acquisition of arms and weapons and that they could possibly carry out individual operations (lone wolves). These initiatives aim at identifying the dealers, brokers and final beneficiaries, through joint security committees and by conducting security screening of the Jordanian/Syrian and Jordanian/ Iraqi border areas.
130. On the other hand, there are around 1.4 million Syrian refugees in Jordan and terrorist organizations try to infiltrate this category, noting the links some of them have with active members within these organizations and the existence of poor and uneducated groups that are easy to rally and influence, namely

<sup>9</sup> Most Jordanian fighters joined the Syrian battlefield since 2011, at varying stages and frequency, where the displacement reached around 80% until 2014, and took place through a third country under cover of study and tourism and not in a formal and direct way from Jordan to Syria. This is in addition to the fact that the smuggling of these fighters across the borders was at its lowest, due to the stringent security measures applied at the border posts. It is worth noting that the concerned security bodies have referred 670 accused to the courts since 2014, 160 of them since the beginning of 2017, at the rate of 87 cases during 2016. Yet, this strategy did not show any security measures applied at the domestic level, to face the expected return of Jordanian fighters affiliated to active organizations at the Syrian-Iraqi front and their family members with extremist ideology

among the youth category.

131. Regarding the objectives of remaining LEAs and other relevant authorities, particularly MSD, in relation to NPOs, and committees responsible for implementing UNSCRs, and despite the efforts made by the GID, the extent to which their objectives and activities are commensurate with the risks in Jordan is not sufficiently clear, considering the lack of awareness among most of the other authorities and entities regarding the ML/TF trends, as mentioned above.

### **2.2.5 National co-ordination and co-operation**

132. The NAMLCFT headed by the governor of CBJ is the focal point of all competent governmental sectors, its members include the deputy governor of the CBJ (Vice-Chairman of the Committee), secretaries general of concerned ministries (Justice, Interior, Finance, Social Development, Industry, Trade and Supply), the companies' general controller, a representative of the Securities council and the head of AMLU. The committee has an important role to ensure coordination among policy makers in Jordan, considering its composition and its level of representation. However, the infrequency of the meetings of this Committee, basically determined under article 3 of its internal bylaw No.44 of 2008, to be held at least once every three months, unless otherwise required, limits the full achievement of its objectives. Efforts in terms of cooperation and coordination at the official level are not sufficient, as they are focused on high-level committees, and do not include mechanisms for ongoing cooperation and coordination at the operational level among all relevant entities, to properly implement AML/CFT policies, thereby ensuring the implementation of the risk-based approach at the operational level.
133. In addition to the coordination role entrusted to the NAMLCFT (refer to Rec.2), AMLU enhanced national cooperation mechanisms by concluding bilateral agreements and MOUs with all competent national authorities (CBJ, JSC, the Insurance Department, PSD, MSD, DLS, MOJ, and the Jordan Customs Department) to facilitate and accelerate exchange of information in this regard with such authorities. Furthermore, liaison officers were appointed in different authorities represented in the National Committee for the purposes of carrying out direct operational coordination with AMLU. It should be pointed out that easy communication is taking place among all these officers, particularly through informal means (such as communication by phone for the purpose of coordinating urgent matters).
134. As for national cooperation at the level of implementing UNSCRs 1267 and 1373 on the suppression of terrorism and TF, and other subsequent resolutions, MOFA heads the following "permanent" technical committees established for this purpose. It holds meetings at least once every three months, unless otherwise required to review mechanisms adopted in this regard:
- **Technical Committee to implement UN resolution 1267 and other relevant resolutions:** Members include directors of legal departments or their representatives at AMLU, MOI, MOJ, GID, PSD, CBJ, JSC, DLS, the Jordan Customs Department, and CCD. It should be noted the absence of MITS representing Insurance Department.
  - **Technical Committee to implement UN resolution 1373:** Members include directors of legal departments or their representatives at AMLU, MOI, MOJ, GID, PSD, CBJ, DLS, the Jordan Customs Department, and CCD. It should be noted the absence of JSC.
135. A permanent national committee was established, headed by MOFA, and composed of representatives of MOI, MITS, MOJ, MOF, Jordanian Armed Forces, GID, the Public Security Directorate, CBJ, and AMLU, to follow up on the implementation of UN sanctions related to combating the financing of proliferation.
136. In this regard, the assessment team considers that the absence of Jordan customs department in the mentioned committee limits its effectiveness considering customs mandate to monitor cross borders in addition to export and re-export dual-use products and goods (refer to case presented in IO 11). The decision establishing this committee does not prescribe its mandate nor mechanism of cooperation and coordination among its members and the information exchange.
137. When it comes to supervising the export and re-export of dual-use goods, a national committee was established, headed by the Secretary General of MITS. Members include representatives from the Ministries



of Agriculture, Environment, and Health, Jordanian Armed Forces, the Authority of the Aqaba Economic Zone, GID, PSD, the General Directorate of Civil Defence, Jordan Customs department, the Administration of Radiological and Nuclear Affairs, the Telecommunications Regulatory Commission, and the Jordan Food and Drug Administration. The committee sets out necessary procedures to receive a permit to export these goods and recommends granting, rejecting, revoking, or cancelling permits. It also coordinates with competent entities to expedite a response to the permit application.

138. It is worth mentioning that Jordanian authorities' resort to unofficial means (by direct phone calls) to respond to some urgent cases that require swift coordination. For example, the AMLU indicated that it seeks security and financial information through phone calls in case of urgency, while the GID mentioned that coordination with AMLU is informal, where one of its analysts would visit it to assist it in the analysis of all the financial intelligence it collects, without retaining any papers or documents, in view of the sensitivity of some cases it pursues and in order to keep the investigations confidential.

#### ***2.2.6. Private Sectors' awareness of risks:***

139. FIs, DNFBPs, and self-regulated entities are engaged within the team established to assess ML/TF risks at the national level and the abovementioned showed their contribution in providing the necessary data to fill out questionnaires and statistical forms on threats and vulnerabilities and analysing relevant reports and studies.

140. The results of ML/TF NRA were discussed in joint workshops, in the presence of relevant national entities, including the private sector. It was not clear whether or not necessary information on the results of this process was shared with all components of the private sector. CBJ and JSC circulated the preliminary NRA findings to the entities subjected to their supervision which represent a significant relative importance in Jordan's context, shortly prior to on-site visit. Jordan stated that once the national assessment of ML/TF risks is completed, the findings would be disseminated to all other relevant entities, including the private sector.

141. AMLU, in coordination with supervisory authorities, issued STR forms. The annual reports included statistical data on the number of SARs received from the reporting entities, the number of notifications received from regulatory and supervisory authorities and other competent authorities, the number of requests for information received and addressed to counterpart FIUs, the number of declarations pertaining to cross border transportation of money and the total value of fines imposed thereon. The annual reports also included examples of some practical cases related to ML/TF. The AMLU efforts made to this end, contribute to raising awareness among the financial and non-financial sectors with a view to taking precautions against ML/TF risks. However, these efforts still need improvement, given that this was limited to the issuance of a Terrorist Financing Risk Guide and without the release of other strategic analysis products, which is considered a way to identify local risks and criminal practices. (See IO.6).

142. Also, CBJ, JSC, and InD, at varying degrees, adopted an approach to protect the financial and banking sector from financial crimes by issuing detailed instructions based on identified sectoral risks. However, the impact of these initiatives remains limited in having a unified understanding of the nature of risks, as perceived by the assessment team during the discussions with the private sector, which revealed different levels of awareness of risks between local FIs and institutions with foreign capital or institutions affiliated with foreign groups which implement policies adopted at the level of the group, while noting that these policies were not fully consistent with the risks of the local environment.

143. Supervisory authorities of other FIs and all DNFBPs do not follow a similar approach as described above, which negatively affected the extent to which the entities subjected to their supervision are aware of the relevant risks.

**144. Overall Conclusions on IO. 1: Jordan is rated as having a moderate level of effectiveness for IO 1**

## Chapter Three: Legal System and Operational Issues

### 3.1.Key findings and recommended actions:

#### 3.1.1 Key findings:

##### Financial information (Immediate Outcome 6):

- a. AMLU has adequate legal basis to be able to perform its functions and appears to be continuously accessing administrative and judicial databases. It is also seeking, in 66% of the cases, security and financial information through official communications and phone calls in case of urgency.
- b. LEAs seek to access financial intelligence and other relevant information at varying degrees, and it appears that the GID often utilizes its own powers to this effect, while the PSD and the IACC are seeking to obtain information whether directly from the financial sector or through the CBJ or the AMLU.
- c. Most of the SARs received by AMLU are filed by banks and exchange companies which represent the largest part of the market share in Jordan and which are exposed to the highest risks of ML/TF, however, these SARs do not appear to contain relevant or valuable information. The varying level of the quality of SARs received by AMLU hinders its ability to conduct the strategic analysis continuously and to support the operational needs of competent authorities. In addition, AMLU efforts to address the quality of SARs through feedback remain moderate.
- d. SARs are rarely disseminated to the Public Prosecutor and the vast majority are archived. Yet, the percentage of cases of ML suspicion disseminated is relatively better than those related to TF suspicion. As to cases disseminated to LEAs, they add limited value to their functions, considering the low number of ML and TF prosecutions. This could be related to the lack of in-depth analysis conducted by AMLU based on the cases provided to the assessment team. While there are few examples of dissemination resulting in positive outcomes, due to cooperation, particularly between the AMLU and the Income and Sales Tax Department, but these are few and insufficient to conclude that the outcome is achieved.
- e. AMLU receives disclosures of cross-border transportation of funds from the Jordan Customs department and forwards them to the Public Prosecutor without adding any value. The 2007 AML/CFT law authorizes the Jordan Customs department to seize the cross border transported funds in case one of the conditions provided for under the law is fulfilled, for a period of one week, until a decision is issued by AMLU ordering to return the funds to its owner or to refer the case to Judicial authorities. The one week period is an obstacle to the AMLU's collection of additional information through counterpart FIUs and through the financial and non-financial sectors.
- f. AMLU is under-resourced compared to the number of SARs and notifications received from reporting entities and authorities. The implementation of the new acquired IT system may help offset resource shortcomings by providing assistance to staff in their work in analysing and processing SARs based on materiality and degree of risks.
- g. AMLU and competent authorities co-operate to some extent through meetings, MOUs, and shared databases and there are some measures in place to ensure confidentiality of shared information.

##### ML Investigation and Prosecution (IO.7)

- a. ML/TF cases are identified and investigated by AMLU which later disseminates them to the competent Public Prosecutor to initiate relevant judicial investigations. However, there is a low number of ML SARs referred by AMLU to PPO. Since the financial analysis of SARs was not sufficiently in depth, this has weakened the authorities' ability to identify and investigate ML cases. Also it appeared that there is a limited number of SARs submitted to AMLU in connection with the predicate offences, and failure to use national cooperation, mainly to conduct parallel financial investigations among various concerned authorities

- b. The lack of awareness among stakeholders of the importance of the financial investigations and the need to provide training to investigative bodies for predicate offenses for the purposes of linking them to ML offenses have contributed to the lack of parallel financial investigations.
- c. Competent authorities (the PSD, AMLU and PPO) have a shortage in human resources, and training, which affected the effectiveness of financial investigations in the AML field and the judicial prosecution of this offense. It did not appear that authorities are retaining statistics on financial investigations and prosecutions regarding cases of ML particularly at the level of LEA., which does not provide these authorities with sufficient information to monitor their performance and improve their effectiveness.
- d. The failure to complete the NRA and to cover the fraud crime in tenders affected the consistency of investigation and prosecution of ML activities with the threats and risk profile in Jordan and the AML/CFT policies.
- e. Despite the limited efforts exerted in prosecuting ML cases in general and the fact that they are restricted to limited cases, it is clear that investigative and prosecutorial authorities are able to deal with complicated and complex cases, and some of the cases provided, indicate that prosecution and conviction are related to self-laundering.
- f. The failure to prosecute cases of laundering proceeds generated from a foreign crime represents a concern, taking into account the geographical location of Jordan especially with regard to drug trafficking offenses.
- g. The sanctions imposed on ML crimes generated from a misdemeanour are not considered effective, proportionate and dissuasive particularly in terms of the penalty of imprisonment. Additionally, no sanction was issued against legal persons.
- h. Jordanian authorities do not apply other criminal justice measures in cases where a ML investigation has been pursued even if a ML conviction could not be secured for justifiable reasons.
- i. The reconciliation measures in economic crimes, implemented periodically, undermines the importance of prosecution and conviction in ML crimes.

#### **Confiscation (IO.8)**

- a. Jordan does not confiscate instrumentalities, used or intended to be used in ML offenses, proceeds and property of equivalent value. For legal persons, confiscation is not applied.
- b. LEAs do not pursue confiscation systematically, when investigating ML/TF offenses
- c. It appears that there is a limited role for international cooperation on confiscation, given that the number of outgoing requests for asset recovery remains low and no data was provided to determine how consistent they are with the major proceeds generating offenses, based on the outcomes of the national ML risk assessment.
- d. Despite that physical transportation of cash, is considered high risk, it has not been reflected in national policies.
- e. Sanctions imposed on individuals for non-disclosure or false disclosure of cross- border movable funds upon entry, do not achieve the elements of proportionality and dissuasiveness.
- f. The legislative system lacks a text that requires the disclosure of cross-border movable funds upon exit, disabling the role of the Jordan Customs Department to monitor the cross-border transportation of outgoing funds.

- g. There is no unified mechanism or particular authority to dispose of the confiscated or frozen funds or monitor the implementation of sentences of confiscation and dispose of the resulting funds.
- h. Jordan maintains, as regards the major predicate offenses, statistics on the value of tax refunds, the amounts recovered through the IACC and the value and types of seized drugs, which indicates that the measures taken, whether by virtue of judgments of conviction or judgments ordering financial penalties according to the texts in effect, have absolutely contributed to the deprivation of criminals from their assets and criminal instrumentalities.

### **3.1.2 Recommended actions:**

#### **Immediate Outcome 6:**

- a. Jordan should consider increasing awareness on the importance of accessing and using financial intelligence by different law enforcement authorities while pursuing money laundering cases, associated predicate offences. LEAs should promote cooperation more frequently with AMLU or CBJ to fully exploit the vast amount of financial intelligence accessible through them.
- b. AMLU should continue to cooperate with reporting entities through feedback and training in order to enhance the quality of SARs and to raise the level of reporting, in terms of quantity and quality by DNFBS.
- c. AMLU should regularly carry out strategic analysis and cooperate with concerned authorities to identify emerging ML/TF trends, patterns, typologies and vulnerabilities, which would help support the operational needs of stakeholders, taking into consideration Jordan's risk profile.
- d. AMLU should activate the new electronic system to support its operational needs to process SARs based on risks and establish an electronic link with other reporting entities to benefit from the system's capabilities
- e. The provision of frequent and focused training to AMLU analysts and LEA staff should be considered, in order to further enhance their analytical capacity. It is important that all training activities are coordinated with entities having expertise in accessing and using financial intelligence.
- f. AMLU, LEAs and judicial authorities should seek to finalize the process of sharing information among themselves through safer and faster systems such as the use of dedicated encrypted electronic systems to increase the timeliness of the information shared and minimize any possible breaches of confidentiality.

#### **Immediate Outcome 7:**

- a. Jordan should promote human resources for investigative authorities handling ML cases, including the PSD and the Public Prosecution authorities, thereby ensuring that ML cases are effectively dealt with.
- b. Authorities should systematically conduct parallel financial investigations.
- c. Jordan should provide training for investigative authorities and the Public Prosecution on how to investigate and prosecute ML cases and how to conduct parallel financial investigations and should also prepare the necessary relevant guidance.
- d. Priority of investigations and prosecutions should be given to ML crimes, particularly by the AMLU and the Public Prosecution, based on the risks facing Jordan and this should be incorporated into their policies.
- e. Jordan should ensure that alternative criminal justice measures are not applied as an easy substitute for the achievement of criminal justice and are only applied, for justifiable reasons, when ML conviction cannot be secured.
- f. Jordan should adopt a legal system that permits the implementation of effective, dissuasive and proportionate sanctions against those involved in ML cases, generated from a misdemeanour.
- g. Jordan should consider the development of a statistical system comprising information on the detection, investigation and prosecution of ML offenses and the associated predicate offences.

**Immediate Outcome 8:**

Jordan should:

- a. Adopt confiscation systematically when investigating ML/TF offenses.
- b. Give effect to the role of the relevant authorities (particularly the judicial authorities) in their relationship with their foreign counterparts in terms of requesting the implementation of the confiscation orders or when executing the received requests.
- c. Establish a unified system or an authority to dispose of the funds seized, frozen or confiscated.
- d. Consider amending the legislations in a way that:
  - Permits the confiscation of instrumentalities used or intended to be used in ML crimes;
  - Requires the disclosure of physical cross- border transportation of funds upon exiting Jordan;
  - Imposes a dissuasive sanction for any violation.

145. The relevant immediate outcomes considered and assessed in this chapter are IO 6-8. The recommendations relevant for the assessment of effectiveness under this section are R3, R 4 and 29-32.

**3.2 Immediate Outcome 6 (Financial Intelligence – ML/TF)**

146. In Jordan, AMLU uses financial information which it collects, particularly from the financial sector, and which is considered an essential part of its analysis when processing SARs received from the reporting entities, and when processing notifications received from LEAs, particularly the PSD.

**3.2.1 Use of Financial Intelligence and Other Information**

147. AMLU uses financial intelligence that it gathers directly from the financial and non-financial institutions to support its on-going analysis of SARs and notifications received by virtue of Law No. 46 of 2007. AMLU has the full authority to request, whether directly or indirectly, financial information from the reporting entities and governmental entities that it deems necessary for its duties, particularly in conducting financial investigations. (refer to Rec 20, 29 and 35).

148. The following case details shows how AMLU powers would facilitate its work and contribute to enhancing its level of analysis.

**Box 3.2.1.1 : Case scenario on AMLU powers to request information from reporting entities**

AMLU received an SAR from a bank regarding a jewellery Company (A) whose account was financed by cash deposits in US dollars rather than in the local currency and in large amounts. The bank had doubts regarding the sources and size of deposits that did not seem normal and did not correspond to the Company’s business activity. AMLU findings revealed that the Company is engaged in the import and export of gold and gold bullion and that the cash deposits represent sales to several jewellery companies, mainly company (f) and company (g), which provided AMLU with all purchase invoices from Company (A). By contacting another bank to inquire about the accounts of Company (A), it was revealed that the transactions carried out on its accounts are normal and consistent with the nature of its activity; and given that no criminal records have been detected against the Company and its owner, the SAR was retained until any updates of value are received.

149. Below is a statistical table of AMLU requests for financial intelligence to some reporting entities between 2013-2017:

Entity	2013		2014		2015		2016		2017	
	No of requests	No of persons	No of requests	No of persons	No of requests	No of persons	No of requests	No of persons	No of requests	No of persons
Banks	83	271	109	865	115	466	162	368	171	1473
Licensed exchange companies	12	37	20	90	22	43	50	155	49	89
1 private company agent	-	-	7	85	9	29	88	194	134	1458
2 private company agents	-	-	3	62	4	11	24	58	113	1410
Total	95	308	139	139	150	549	324	775	467	4430

150. The above table shows that AMLU is seeking, in 66% of the reported SARs, financial

intelligence on suspects and persons dealing with them, given that it received 1774 SARs between 2013 and 2017, which are related to a total number of 2119 suspects, while it sent 1175 requests to gather financial intelligence on the suspects and persons dealing with them, totalling 7164 persons. It appears that the AMLU is sufficiently using its powers to gather financial intelligence on 66% of the SARs received. This is considered a good percentage in case the AMLU is processing SARs according to the risk-based approach. However, the extent to which the AMLU is doing so is not clear, since it provided the assessment team with the criteria for the ranking of SARs based on priority, pursuant to the internal decision No.68 of 2016 issued by the AMLU on 29/12/2016. However, it appears that these criteria or the said decision do not comprise a clear and detailed mechanism for processing SARs according to the risk-based approach.

151. Statistics provided reveal the level of cooperation between AMLU and different national entities, including PSD which has received from AMLU 1317 requests for information concerning a total of 3663 persons, between 2013 - 2017. Below is a statistical breakdown of the number of requests sent by AMLU to the main authorities in Jordan:

Name of the Entity	2013		2014		2015		2016		2017		Total	
	No. of requests	No. of persons	No. of requests	No. of persons	No. of requests	No. of persons	No. of requests	No. of persons	No. of requests	No. of persons	Total requests	Total persons
PSD	114	263	91	751	132	418	523	1196	457	1035	<b>1317</b>	<b>3663</b>
GID	7	21	27	75	35	99	62	165	52	147	<b>183</b>	<b>507</b>
CCD	22	114	5	53	5	149	6	20	4	12	<b>42</b>	<b>338</b>
JSC	11	30	8	496	5	94	2	7	-	-	<b>26</b>	<b>627</b>
Jordan Customs Department	14	40	11	90	2	4	4	13	6	15	<b>37</b>	<b>162</b>
DLS	26	69	31	622	24	126	41	112	8	11	<b>130</b>	<b>940</b>
<b>Total</b>	<b>194</b>	<b>537</b>	<b>173</b>	<b>2087</b>	<b>203</b>	<b>890</b>	<b>638</b>	<b>1513</b>	<b>527</b>	<b>1220</b>	<b>1735</b>	<b>6237</b>

152. Information requested from the security authorities feeds into the investigation process of all SARs/ notifications received by AMLU as it determines the existence and non-existence of criminal records for the suspected person(s) and the types of offences attributed to them, which influences the decision taken regarding the SAR/notifications. By addressing the PSD (specifically the National Security Department), AMLU seeks to follow up on the security records or criminal history of the suspected individual(s) (if any), or whether they are wanted by INTERPOL, and their travel records and the transactions pertaining to the purchase and sale of vehicles. By communicating with the Jordan Customs department, AMLU seeks to verify the existence or absence of cross border declarations of movable funds by the suspect(s) so as to ascertain the sources of funds in some cases and the extent of their compatibility with the statements made to the financial institutions, as well as to inquire about the Customs data on the nature of the goods that the suspect(s) import(s) and export(s) and the extent and consistency with the nature or size of their activity and the financial transactions carried out by them and the countries that they are dealing with. By approaching the JSC, AMLU seeks to determine the size of the securities owned by the suspect(s) and the persons associated with them, and the details of the purchase and sale transactions and the movements of deposits and withdrawals made on their accounts. The purpose of seeking information from the CCD and MITS would be to ascertain whether the suspect(s) own(s) companies or institutions in Jordan, noting that communications with the DLS allow AMLU to obtain information related to real estate owned (currently and previously) by the suspect(s), whether Jordanians or of other nationalities, noting that there are no impediments that prevent the AMLU from communicating with any authorities other than those mentioned in the table above, namely the Ministry of Social Development, the CBJ, the Free and Development Zones the Income Tax and Sales Department, the Social Security, the Civil Status and Passports Department, the Telecommunications Regulatory Commission, the Ministry of Awqafs and Islamic affairs, etc... .

153. Jordan has executive authorities that investigate ML / TF crimes such as the GID, the PSD, including the Anti-Drugs Department, the Department of Criminal Investigation, the Department of

Preventive Security. These executive authorities, including the PSD, handle the exchange of information and coordination with the AMLU on combating money laundering and terrorist financing, according to the (paragraph C/1) of article 18 of the AML/CFT law. The PSD indicated that it notifies the AMLU if it finds during the performance of its functions that there is a ML/TF suspicion, according to paragraph (C/2) of article 18 of the AML/CFT law. In case there is a ML/TF suspicion, the AMLU prepares a report and refers it to the competent Public Prosecutor and informs the Directorate of the same. In case the suspicion is insufficient or not confirmed, the AMLU prepares a report and refers it to the Directorate to complete its procedures according to the legislations in effect. In case there is no suspicion, the AMLU keeps the report until it receives any updates and informs the Directorate of the same.

154. When the AMLU receives notifications from executive authorities, it conducts analysis then prepares a report of its findings. However, the use of the information gathered by AMLU to support the authorities' investigations of ML/TF offences remain limited in general. Based on 4 cases<sup>12</sup> provided to verify the extent to which the PSD benefited from the financial information gathered by AMLU, it appeared, as a result of the cooperation and coordination with the AMLU, that the PSD referred one case to the Public Prosecutor, who in turn referred it to the court which issued a sentence of one year imprisonment for money laundering crime against the persons involved, as detailed in the box 3.2.1.2 below:

**Box 3.2.1.2 : Case scenario on how the information gathered through the AMLU is benefited from**

Information received by the PSD shows that a Jordanian person defrauded Jordanian citizens and made them believe that he sits for TOEFL and IELTS exams instead of the real person, on the grounds that he was accredited by a foreign institute, in return for money. Based on the report filed by the PSD, the AMLU conducted an investigation and a financial analysis which revealed that the concerned person received, through exchange and money transfer companies, a large number of remittances from various senders during 2016 until May 2017. In the absence of a clear relationship between the said person and the senders, and considering the inconsistent nature of his activity and the size and frequency of the incoming remittances, given that he is a driver of a taxi owned by his father, in addition to his poor financial situation, the AMLU referred the gathered information to the PSD which in turn summoned the said person for interrogation. It appeared that he was working as a remittance broker for a third party. He was sent to the Public Prosecutor who decided to arrest him and identify other persons associated with him (bringing the number of the accused persons to 4) and referred the case to the court on charges of (laundering money obtained from a misdemeanour), where the defendants were convicted of money laundering and each one of them was sentenced to one year imprisonment and fees.

155. PSD and GID (the Department) may communicate with the reporting entities through written memorandum issued directly by them (as regards the Public Security) or through the competent Public Prosecutor. The Jordanian authorities provided the assessment team with 4 cases, showing that the information gathered by the PSD from the financial sector was used as evidence to prosecute individuals in fraud cases. Yet, it was not clear how the financial intelligence gathered through the CBJ was used to develop a financial investigation into any potential ML operations or activities.
156. Since the military prosecutors are responsible for investigating terrorism and terrorist financing; therefore, the communications related to these crimes are coordinated with the GID. In practice, it was found that both parties (GID and military judicial department) gather some financial intelligence through the Central Bank, when conducting investigation regarding terrorism crimes; however, this is not undertaken to the extent that it is consistent with the TF risks in Jordan, given that the statistical data<sup>10</sup> submitted in this regard show that they have sent 29 correspondences to the Central Bank during 2012 and 2018, unlike the PSD which appears to have taken several measures to this end, including the dispatch of 21 correspondences during the same period, and 360 requests to banks, exchange companies, and credit card companies during 2013 and 2018, in addition to 75 notifications to the AMLU according to article 18 of the afore-mentioned law. The Department explained that

<sup>10</sup> Following the plenary meeting, the assessment team examined statistics provided by the GID showing that it has been conducting parallel financial investigation on a regular basis in light of the number of requests addressed to financial and non-financial institutions (At the request of the GID, the statistics were not included in the MER for confidentiality purposes)

they benefit from financial expertise of AMLU without sending notification due its privacy and secrecy which explains the absence of any notification among AMLU statistics. It is not clear to what extent this cooperation has had an impact on the quality and effectiveness of the financial investigations conducted by the GID when investigating cases falling within its competence and powers.

157. According to the Jordanian authorities, the individuals that are affiliated with terrorist groups do not resort to the formal financial sector to transfer funds, which explains why the GID was unable to benefit from the information gathered directly or through AMLU, as evidenced by the cases submitted by the GID, out of which the two cases described in box 3.2.1.3 below, yet the possible exploitation of the financial sector by terrorists and terrorist financiers cannot be completely eliminated:

**Box 3.2.1.3: Case related to cooperation and TF (individual X)**

- The information made available to the GID reveals that a Jordanian individual (X) left Jordan in 2012 to join Al-Qaida Organization in Yemen. Following X return to Jordan, X remained in contact with the said organization and started planning to carry out terrorist acts in Jordan. After seeking the assistance of the AMLU (based on the afore-mentioned mechanism), **it was found that the accused did not use the banking system**, but the GID investigations revealed that X received from the said organization a sum of USD/6000/ brought by a person who arrived from Yemen. The sum was used to purchase a vehicle for the purpose of carrying out a terrorist act, but X was apprehended and referred to court that sentenced X to 15 years imprisonment in addition to the confiscation of the vehicle.
- GID discovered the activity of a university student (Y) in Jordan in the field of promoting a terrorist organization. After Y was apprehended by a judicial order from the Prosecutor General of the State Security Court. After seeking the assistance of the AMLU (based on the afore-mentioned mechanism), **it was found that the accused did not use the banking system**, but the GID investigations revealed that Y used their personal savings to provide one of their friends with a sum of JOD/1000/ to help them travel to Syria to join terrorist organizations. Y was referred to court and sentenced to 3 years imprisonment.

158. In view of the tasks entrusted to the PSD and the GID to detect and investigate predicate offences and the large number of such offences (see IO.7 and IO. 9), there is no corresponding number of requests for financial intelligence from the GID<sup>11</sup>, unlike the PSD which is relatively more active in gathering financial intelligence through the AMLU or the CBJ or directly from the financial sector. However, the efforts made to this end are not satisfactory, considering the lack of follow-up and detection of ML/TF activities and the prosecution thereof (see IO 7 and 9).

159. The Integrity and Anti-Corruption Commission (IACC) has the authority to access information and data maintained by the CCD at the MITS, the DLS, and the Drivers and Vehicles License Department. The IACC must communicate with the Income and Sales Tax Department, MOJ, MSD, and the Insurance Department to receive any information available at each entity. As to data held by banks, it must receive the authorization of the competent public prosecutor assigned to it. Otherwise, it may receive data from different entities through official communications. In 2016, a specialized investigation section was established within the Investigation Department at the IACC to conduct financial investigations in cases of corruption with financial implications. In practice, the IACC seeks the assistance of the CBJ to gather financial information. The statistics submitted in this respect show that between 2015 and 2018, the IACC communicated with the CBJ by sending 127 requests for the purpose of gathering financial information from exchange companies concerning financial transactions and transfers. The assessment team considers that the IACC is slightly more active in gathering financial intelligence, mainly through the CBJ. The Jordanian authorities affirmed that the need for the IACC to obtain the authorization of the public prosecutor assigned to it so as to gather information held by banks will not affect its effectiveness and role in the fight against corruption.

160. The following case illustrates how the IACC benefits from financial intelligence gathered through the AMLU for the prosecution of a group of persons accused of abusing their position and

<sup>11</sup> The inappropriate number of requests was deduced on the basis of the statistical data submitted by Jordan, indicating that the GID and military judicial department sent 29 requests to the CBJ during 2012 and 2018, but the statistical data presented pursuant to the plenary meeting shows the contrary and was not included in the MER for confidentiality purposes.



money laundering, as illustrated in box 3.2.1.4 below:

**Box 3.2.1.4: Notification received by AMLU from IACC**

In 2017, AMLU received a notification from the Public Prosecutor of the IACC on a group of persons accused of abusing their position and money laundering. The Deputy Director of an entity affiliated with a large public joint stock company awarded the maintenance and rehabilitation work of one of its facilities to a contracting company without resorting to a bidding process (in other words a public contract) and without examining the bills submitted by the company entrusted with implementing the project. The AMLU completed its inquiry and financial analysis of the accounts of persons and companies subject of the notification, requested security information, and used the available databases, where it was found that there is an unclear overlap between financial transactions made on their accounts and the checks deposited therein. The AMLU referred the file to the requesting party which allowed the Public Prosecution’s office to file a lawsuit against these persons on charges of abusing their position and money laundering.

**3.2.2 SARs received and requested by Competent Authorities**

161. AMLU receives SARs submitted by reporting entities and receives notifications 12 from supervisory and inspections authorities, judicial authorities and LEAs, including notifications from the Jordan Customs Department. The AML/CFT Law authorized AMLU to receive notifications from the Jordan Customs Department in case of non-declaration or false declaration of funds transported across borders 13 or in case it suspects ML/TF operations according to the provisions of article 21 of this Law

162. Statistics provided in this regard show that AMLU completed all notifications submitted from the authorities between 2013 - 2017. Owing to this cooperation, executive authorities have shared with AMLU the names of persons that they are pursuing, which may enrich AMLU database. If the notification submitted to AMLU is only related to inquiring about information available in its database, then the reply shall be provided within one business day following the date of receipt. However, if the notification submitted to AMLU is related to ML/TF suspicion, then the time frame necessary to provide the concerned entity with the necessary information shall depend on the time needed by AMLU to complete its investigations and financial analysis which differ from one case to another, depending on the number of persons, accounts and the complexity of the transactions made thereon.

163. Between 2013-2017, AMLU received 75 notifications from the PSD. Final decisions made on these notifications differed, as follows:

Year	number of notifications	Notifications kept by AMLU	Referral of the notification by AMLU to		Procedure taken after the investigation by the PSD			
			Competent Public Prosecutor	Supervisory Authorities	Releasing the person, subject of the notification	Referral to		Imposing a penalty
						Governor	Public Prosecutor	
2013	19	8	1	-	-	-	-	-
2014	19	15	-	2	-	-	-	-
2015	12	8	-	-	-	-	-	-
2016	11	-	-	-	-	1	-	1
2017	14	-	1	-	1	-	1	-
<b>Total</b>	<b>75</b>	<b>31</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>

164. The above table shows the usefulness of the notifications received from the PSD, whereby 41% of them were archived by AMLU. It also shows that a much smaller percentage (2.6%) was used at a later stage to make referrals to the competent public prosecutor. Therefore, the assessment team

<sup>12</sup> Article 18 of the AML/CFT Law requires judicial authorities and supervisory and monitoring authorities to immediately notify AMLU in case they find, in the course of performing their competences according to the provisions of the legislations in effect, a suspicion of money laundering or terrorist financing. AMLU may inform the concerned authority to take the necessary actions in accordance with the provisions of this law, if deemed necessary.

<sup>13</sup> Jordan applies the declaration system for cross-border funds incoming to the country (see IO 8).

considers that the notifications received by AMLU from PSD need improvements to assist it in performing its duties. Among the notifications received, the AMLU decided to refer two cases on ML suspicion to the competent Public Prosecutor, out of which a case as described in box 3.2.2.1 below:

**Box 3.2.2.1 : Case scenario on how the AMLU benefits from the notifications made by the PSD**

Information received by the PSD shows that a person (diplomat) and his spouse residing in a European country granted a power of attorney to the spouse's sister to manage the work of their deceased father. According to the information, it appeared that some time ago, the sister asked the diplomat's spouse (her sister) to purchase merchandise from the European country, provided that she would wire the funds by means of a bank transfer to the spouse's account in the European country. After purchasing the merchandise that was shipped to a neighbouring country, the receiving bank in the European country requested the provision of documents in support of the transfer. Fearing that her sister would be prosecuted for declaring to the ordering bank that the purpose of the transfer relates to the payment of family expenses and not merchandise, the spouse provided the receiving bank with documents showing that the transfer was wired by a money exchange company. After reviewing the documents submitted in this regard, the receiving bank has discovered that the documents are forged. By examining the file, it turns out that the concerned persons are on the run due to the existence of outstanding issues against them in one of the neighbouring countries in relation to money laundering. Following the completion of the investigation and financial analysis by AMLU, the case was referred to the public prosecutor on suspicion of money laundering.

165. In addition to the notifications received from the PSD, AMLU received (50) notifications between 2013 - 2017 from supervisory authorities and other entities, as follows:

<b>Table 3.2.2.2: Notifications received by AMLU from judicial authorities, supervisory authorities, and security and administrative authorities</b>	
Entity	Number of Notifications
Jordan Customs Department	11
CBJ	10
Integrity and Anti-Corruption Commission	6
Public Prosecutor of the Integrity and Anti-Corruption Commission	2
Income and Sales Tax Department	5
Companies Control Department	4
Judicial Bodies	3
DLS	3
Securities Commission	3
MSD	1
MITS	1
MOI	1
<b>Total</b>	<b>50</b>

166. The details of the below case show that in some rare cases AMLU is receiving notifications that contain relevant and accurate information that would assist in the performance of its duties:

**Box 3.2.2.2: Notification Received by AMLU from a Judicial Authority**

In 2016, AMLU received a notification from the Public Prosecutor regarding 4 persons, whereby 2 of them embezzled public funds valued at JOD 2,170,899 (approximately USD3,057,600), from one of the ministries and deposited the embezzled funds in several banking accounts. It was reported that 3 of them have left Jordan. After AMLU completed its investigation and financial analysis, it prepared a report of its findings and referred the case to the Competent Public Prosecutor, and according to the website of the MOJ, the case is still ongoing after it was filed before the court in 2017.

167. AMLU received between 2013 and 2017 (1774 SARs) from reporting entities. 2016 and 2017 witnessed an increase in the number of SARs submitted to AMLU, reaching around 72% in 2016 compared to 2015 and 8 % in 2017 compared to 2016. SARs submitted to AMLU in 2016 and 2017 were mainly received from banks and exchange companies and reached around 538 and 586 respectively, that corresponds to 97.5 and 98.4 % of the overall percentage of SARs received by AMLU in the past two years (see IO.4).

168. Between 2013 - 2017, AMLU received from all remaining reporting entities (other than banks and exchange companies) 35 SARs, out of which 7 SARs from DNFBPs. The limited number of SARs received from these entities, including brokerage firms, real estate offices, and dealers in precious metals and stones which are ranked as moderate risk<sup>14</sup> (see IO.1) is adversely impacting the ability of AMLU to carry out its basic functions to uncover potential new money laundering cases through its analytical function and conduct a strategic analysis to identify indicators and patterns of suspicious transactions to assist reporting entities, particularly DNFBPs to detect and report suspicious transactions.
169. The following table shows that the number of SARs received by AMLU increased during the last three years, but the increase in the number of SARs received from the financial sector (mainly banks and exchange companies) where 73% of these SARs received between (2013-2017) were archived by AMLU is either due to the low quality of these SARs as set out in IO.4:

Table 3.2.2.3: SARs received by AMLU from reporting entities								
Year	SARs	Archived	% of archived cases out of total SARs	Under consideration	Referral to			
					Security Bodies	Public Prosecution	Supervisory Bodies	Total of referrals
2013	155	138	89%	-	8	3	6	17
2014	155	133	85%	-	9	12	1	22
2015	319	226	71%	-	52	27	14	93
2016	550	390	71%	-	92	43	25	160
2017	595	401	67%	-	161	3	30	194
Total	1774	1288	73%	0	322	88	76	486
%	100%	73%		0%	18%	5%	4%	27%

170. The following cases provide examples on the disparity in the quality of SARs received from reporting entities, which explains the high percentage of archived SARs (73%) and the low percentage of referrals to the Public prosecutor (5%). The downward pace of archived SARs is offset by an upward pace of SARs spontaneously referred to security services (27% in 2017) which is attributed to the fact that the AMLU gives importance to the sharing of financial intelligence with these entities, and more specifically with the PSD (294 SARs) and the GID (29 STRs):

**Box 3.2.2.3 : Three cases on the quality of SARs**

In 2017, one of the banks undertook CDD toward one of its clients, a foreign company not operating in the Kingdom. The suspicion arose after the company’s authorized signatory made cash deposits followed by outgoing transfers. Since the company is considered a high-risk customer, the bank decided to file an SAR with AMLU. Following the completion of its procedures, AMLU decided to retain the SAR. It was found that the company imports vehicles from the parent company’s abroad for sale in the free zones, which confirms its non-violation of its objectives and conditions of registration, knowing that the total value of the imported vehicles is proportional to the total value of the deposits in its accounts.

In 2017, a money transfer company filed an SAR with AMLU after one of its customers, a natural person, who is a national of an Asian country, attempted to send a transfer through one of the company’s systems. When checking the name of the client on the global ban lists, it appeared that the name of the beneficiary of the transfer is similar to that of the designated individual; therefore, the transfer was not processed. By accessing the global ban lists, AMLU discovered that the name detected by the reporting company is the name of an organization and not that of a natural person whose nationality differs from that of the beneficiary of the transfer, knowing that the name is not identical. Hence, AMLU decided to retain the SAR.

The AMLU received (10) SARs from three banks regarding a group of persons for receiving transfers to their accounts from company (V) in country (F) which are not consistent with the nature of their business. After

<sup>14</sup> Subsequent to the on-site visit, the authorities explained that DNFBPs had a moderate risk according to the results of the stages of identification of threats and vulnerabilities, and that their risks decreased after the completion of the consequences stage to become “low risk”.

completing its procedures by requesting security information and financial intelligence and communicating with relevant authorities, including the counterpart FIU in the country from which the transfers are received, it was found that one of the account holders (D) is a public officer who received, together with his wife, foreign transfers involving very large amounts of money from persons and companies, which indicate that there is a suspicion of financial and administrative corruption, apart from the fact that the senders are associated with company (V) which is associated with the so-called (Y) who is convicted of a felony in country (F) and the latter using his son (X) as a front to launder money derived from his predicate offense he was convicted of. In addition, other information received from the counterpart FIU corroborates this information and increases the suspicions set out in the SARs, where several accounts in that country were used to transfer proceeds to a number of beneficiaries in Jordan (i.e. the other persons who were mentioned in the SARs). It was found that the money was given to the so-called (H) to disguise its real source, which indicates a ML suspicion.

Accordingly, the AMLU referred the SARs received about the account holders to the competent Public Prosecutor for ML suspicion, who in turn, placed a protective attachment over their accounts and referred the case to the court on 6/12/2018 on charges of laundering money generated from a felony.

171. As regards the feedback provided by reporting entities, some documents submitted by AMLU to this end were reviewed, and it is found that they comprise one or more of the following elements:
- Informing reporting entities about the referral of the matter to the competent authorities.
  - Requiring them to provide it with any developments and to fill out the “Financial Analysis Form” (prepared for reporting purposes) containing the required information, while ensuring its accuracy;
  - Calling them to hold meetings with them to discuss the observations related to AML/CFT procedures in Jordan.
172. It appears that there are efforts exerted by AMLU in an attempt to provide useful feedback to reporting entities, but they are not continuous or comprehensive, given that they do not provide, for instance, information on the quality of the SARs, taking into consideration that the information made available during the on-site visit to the financial sector shows that the steps taken to enhance the quality of SARs are not sufficient.
173. In 2017, AMLU prepared and circulated a guide on combating the financing of terrorism to all the financial sectors. This guide is considered one of the products of Strategic Analysis as AMLU based its analysis on the SARs (107) received during 2013 and 2017 and extracted from them any available indicators of possible TF activities. However, it is noticed that the number of indicators derived from these SARs is limited, and the overall weakness in the quality of SARs on TF suspicion contributed to this, in addition to what the authorities reported regarding the TF risks which are concentrated outside the financial sector (see IO.4). This fact explains the manual’s focus on the indicators mentioned in the international reports, namely those issued by the FATF and the Egmont Group, even if they are considered useful as such. However, reporting entities could have further benefited from the manual in detecting TF operations or activities in Jordan, had it contained more guiding indicators generated from the SARs, particularly if they were derived from higher-quality SARs.
174. During 2013 and 2017, AMLU received 11 notifications from the Jordan Customs Department on suspicion of ML/TF. All were archived by AMLU, which raises questions on the extent to which these notifications contain accurate and adequate information that would assist AMLU to perform its duties. Additionally, the limited number of notifications received from the directorate is not consistent with Jordan’s risk profile, especially that the MLNRA considers the smuggling of cash across the border a ML risk (see IO1).

### **3.2.3 Operational needs supported by the FIU analysis and dissemination**

175. AMLU’s budget increased since 2012 and until 2017, with around JOD 852000 (almost USD 1200000). AMLU is composed of 4 directorates with 20 employees, including the “Intelligence and Financial Analysis Directorate” that has 7 analysts and is responsible for processing SARs filed by reporting entities. It is also responsible for processing notifications received from judicial authorities, supervisory authorities, and security and administrative authorities as called for in the AML/CFT

- law. It reviews the information gathered and drafts a report of its findings.
176. Upon receiving the SAR through the electronic system linked exclusively to Banks' IT systems at a first stage, the Investigation and Financial Analysis Directorate reviews the SAR in relation to the grounds for suspicion, red flags, and suspected individuals before processing it by searching external databases, accessing databases of governmental entities and gathering financial information from the financial sector (see Criterion 29.4 (a) of the Technical Compliance Annex). The AMLU has in place a methodology to determine the priority of the STR based on a number of criteria but it appears that it is not given effect (see the analysis under section 3.2.1)
177. AMLU clarified that it is seeking to activate the new electronic system (it is still at the stage of completing the infrastructure), which would enable it to classify SARs based on a set of specified criteria and to process those based on risks. The benefits derived from this new electronic system is limited given that it is linked at an initial stage to banks and will be gradually linked later to other reporting entities' IT systems to benefit from its usefulness.
178. Regarding the level and depth of the operational analysis carried out by the Intelligence and Financial Analysis Directorate, AMLU has indicated that the Directorate is tracing by 100 % the financial transactions of suspected individuals (as a first level) and individuals dealing with them (as a second level), it is also tracing by 60 to 70 % the financial transactions of individuals dealing with the individuals who in turn are dealing with the suspected individuals (third level), and by a lower percentage the individuals that fall within the fourth level. As for the time frame to verify the financial transactions of suspected individuals and gather any additional information, AMLU indicated that the process requires around 30 days at least, and the time frame necessary to trace the financial transactions and gather information about persons up to the third level of analysis will take between 4 to 6 months.
179. AMLU operational analysis as explained above would enable it to identify in varying degrees the individuals that are mostly connected to the reported individuals. In theory, this approach is very useful in targeting individuals that could be part of a criminal enterprise, especially when the connected individuals appear to have criminal records and same pattern of financial transactions, in terms of size, frequency and type. In practice, the implementation of this approach does not appear to have produced concrete results.
180. As indicated above, SARs are mainly received from banks and exchange companies, but the low quality of STRs (see IO.4) and the limited quantity and quality of notifications limit the AMLU's capacity to conduct operational analysis and strategic analysis regularly (see analysis under item 3.2.2 above) to identify ML/TF methods and techniques, emerging technologies and their risks, and weaknesses in various sectors, particularly in the exchange companies sector considered high risk in the NRA, given the importance of the outcomes of this analysis to support the functions of financial and non-financial institutions to monitor and report suspicious transactions.
181. Despite that article 7 of 2007 AML/CFT law is broad (See criterion 29.5 in TC annex), AMLU reported that it relies on the provisions of this article to send SARs spontaneously to LEAs. SARs referred from AMLU to the GID and the PSD were as follows:

**GID:**

<b>Table 3.2.3.1: SARs referred from AMLU to the GID</b>					
<b>Period extending from 2013 - 2017</b>	<b>number of SARs sent to the GID</b>	<b>Case under investigation</b>	<b>Case retained</b>	<b>Referral to another competent entity</b>	<b>Imposing a penalty</b>
<b>Total</b>	29	7	9	3	5

182. The above table shows the number of SARs spontaneously disseminated to the GID and how they are distributed. The details of the SARs which led to the application of sanctions were reviewed, and it appears that terrorist’s resort in some cases to self-financing, and it is not evident the extent to which the GID benefited from the remaining SARs. This is due to the fact that AMLU is passing on raw information without supplementing it with other information that it has access to, whether directly or indirectly as shown below:

**Box 3.2.3.1 :5 SARs referred from AMLU to GID and the Penalties Imposed Thereon**

**SAR 1:** One of the main accused involved in a terrorist cell was executed by death penalty. However, it was proven, as a result of the financial investigations conducted against those involved, that there were financial suspicions, that fall under financing of terrorism activities, and the cell was self-funded.

**SAR 2:** The State Security Court handed down a sentence of hard labour for the owner of a charitable association and its director on charges of recruitment and promotion of terrorist groups. This information was referred to the GID to make use of it in ongoing investigations.

**SAR 3:** One of the brothers of terrorist elements was charged with promoting extremist terrorist groups and was sentenced to prison; however financial investigations did not prove any financial suspicions that fall under financing of terrorism activities.

**SAR 4:** One person (non-Jordanian) was reportedly actively receiving financial transfers in an illicit manner from several countries. Following intelligence and financial investigations by the GID, he was asked to leave Jordan to any destination he chooses.

**SAR 5:** One person (non-Jordanian) was reportedly working illegally as a broker for transfers inside and outside Jordan. Following intelligence and financial investigations by the GID which proved that he was involved in this activity, he was asked to leave Jordan to any destination he chooses.

**PSD:**

<b>Table 3.2.3.2: SARs and measures taken after investigations</b>						
<b>Year</b>	<b>number of SARs</b>	<b>Measure taken after the investigations</b>				
		<b>Archived</b>	<b>Referral to the Public Prosecutor</b>	<b>Referral to the governor</b>	<b>Referral to another competent entity</b>	<b>Imposing a penalty</b>
2013	9	6	-	-	-	1
2014	8	6	-	-	1	1
2015	43	5	10	9	9	24
2016	75	11	22	13	10	33
2017	159	23	77	48	11	97
<b>Total</b>	<b>294</b>	<b>51</b>	<b>109</b>	<b>70</b>	<b>31</b>	<b>156</b>

183 .The above table shows that a large percentage of SARs spontaneously disseminated to the PSD resulted in referrals to the Public Prosecutor (around 37%) and in penalties (around 53%). It is assumed that AMLU analysis supports the operational needs of the PSD in light of the number of cases referred to the Public Prosecutor (109) and those that resulted in penalties (156), but the case studies submitted by the Kingdom do not support this conclusion, as shown below.

**Box 3.2.3.2: on the 5 SARs referred spontaneously by AMLU to the PSD and the Penalties Imposed Thereon**

**SAR 1:** Based on an SAR submitted by AMLU on one of the persons whom reportedly received a number of transfers valued at around JOD 86000 (approximately 121126 USD), PSD searched his house and seized a certain amount of money, a laptop and a cell phone. During the investigations, he stated that he met a person who holds a foreign nationality and through their communications, he learned how to collect money in exchange for spiritual work on social media. He started to receive phone calls from different people, mostly from Gulf countries, and he used to ask them for certain amounts of money by making them believe that he will help them find love. The transfers were in his name, received through exchange companies. As a result of these acts of fraud, he purchased a house and two vehicles, valued at around JOD 105000 (approximately 148000 USD). On 18/12/2017, the competent Public Prosecutor decided to release him on bail, and he decided to seize both vehicles, a property and the building thereon.

**SAR 2:** Following 6 STRs received by AMLU from an exchange company on 6 persons who reportedly received transfers valued at around JOD 66000 (approximately 93200 USD), they were summoned by the Directorate which conducted an investigation that uncovered the identity of the beneficial owner of these transfers. The latter was arrested and after interrogating him and one of his girlfriends, it turns out that he was involved in fraud and money laundering through social media. He would communicate with persons who hold Arab nationality and he would offer them money in the form of dollar bills for half their value. After they would come to an agreement, they would transfer him the money in the name of a woman who worked for him. Accordingly, he was detained at the Corrections and Rehabilitation Centre and referred to the competent Public Prosecutor who issued a decision to arrest him until he paid a bail set at JOD 50000 (approximately 70400 USD).

**SAR 3:** After receiving an SAR from an exchange company regarding two persons who had reportedly received wire transfers valued at around JOD 54000 (approximately 76050 USD), from several countries and senders with no clear connection to any of them, and following investigations conducted by the PSD, it was found that they were practicing online begging by exploiting their bad financial situation and by claiming to have relied on the medical records of one of them to ask for money. They were referred to the competent Public Prosecutor who decided to detain them at the Corrections and Rehabilitation Centre for (7) days for fraud.

**SAR 4:** After receiving an SAR from an exchange company regarding a person who reportedly received wire transfers valued at around 64000 Jordanian Dinars (approximately 90140 USD) from a number of individuals in several Arab countries with no clear and justified connection to any of them, and following investigations conducted by the PSD, it was found that he had created a page on a social media website to defraud persons of Gulf nationalities by conducting spiritual work in exchange for money. Accordingly, he was referred to the competent Public Prosecutor who decided to detain him at the Corrections and Rehabilitation Centre for (7) days for fraud.

**SAR 5:** After receiving an SAR from an exchange company regarding a person who reportedly received wire transfers valued at around 49000 Jordanian Dinars (approximately 69000 USD), the PSD summoned the individual and conducted its investigation, whereby it was found that he had created 3 pages on social media websites to practice spiritual healing, witchcraft and sorcery in exchange for money. Accordingly, he was referred to the competent Public Prosecutor who decided to detain him for (21) days for fraud, electronic financial fraud and impersonating a website. His online pages were shut down and his cell phones were disconnected.

184. Based on the information provided to the assessment team, it appears that most of the SARs disseminated by AMLU to PSD triggered new investigations, but the information therein was not sufficient to help the investigations progress through the initiation of judicial proceedings.

185. AMLU spontaneously referred SARs to LEAs despite the absence of legal grounds that would authorize it to do so; this is taking place in cases where the reasons for suspicion are not sufficient enough to refer the case or not to the Public Prosecutor. The AMLU indicated that it has written criteria that determine the necessary conditions for referral. It also stated that if the investigation and financial analysis results reveal the absence of a suspicion of ML/TF, the SAR is kept until AMLU receives additional information. Otherwise, the SAR is referred to the competent Public Prosecutor on suspicion of ML/TF (in practice, the SARs referred to the PP represent only 5% of total number of SARs). If AMLU suspects that

another crime occurred, it refers the SAR to the PSD and the GID. If AMLU suspects any violation of legislations in force in Jordan, it would notify the competent entity responsible for the implementation of said legislation. The assessment team considers that these criteria determine the reasons to decide where to refer the SAR and do not determine the reasons whether AMLU should archive the SAR or not.

186. In spite of the absence of written standards for archiving SARs as explained above, AMLU explained that there is nothing to prevent the review of the archived SARs as soon as new updates or data becomes available. This confirms, as explained, the righteousness of the decisions that have been made to archive SAR given that AMLU has not received any information or new developments that would require reconsideration of these SARs.
187. The statistical table below shows the number of SARs that were disseminated by AMLU to the Public Prosecutor on money laundering suspicion. Out of the 72 SARs referred to the Competent Public Prosecutor, around 50 15cases were referred to the court (see IO 7).

<b>Table 3.2.3.3: number of SARs sent from AMLU to the Public Prosecutor</b>					
<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>Total Referrals</b>
3	4	20	42	3	72

188. As for SARs disseminated by AMLU to the Public Prosecutor on TF suspicion between 2013 and 2017, they reached 16 SARs. 2 of them were referred to the Military Court (see IO 9).
189. The number of SARs that were disseminated to the Public Prosecutor is considered low (72 ML SARs and 16 TF SARs in 5 years) taking into consideration the country’s risk profile. The extent to which the AMLU analysis supports the operational needs of judicial authorities remains a challenge. This essentially depends on several factors, including the quality of SARs received, the comprehensiveness of the information gathered, and the level of analysis undertaken.
190. Despite the AMLU’s lack of the operational resources, in terms of human and logistical resources which were provided to the Investigation and Financial Analysis Directorate, the AMLU showed the ability to gather financial information on the suspects and the persons dealing with them in 66% of the reported SARs, but the capacities available at the AMLU remain insufficient and affect its ability to conduct operational analysis (given that most of the SARs referred by AMLU to the security authorities are not supported by sufficient financial analysis), and its ability to conduct strategic analysis on an on-going basis (given that this was limited to the issuance of a guiding manual on the indicators of suspected TF between 2013 and 2017 without issuing other strategic analysis products) or to cooperate with counterpart FIUs, in addition to sending them disclosures spontaneously. This is highlighted by the limited number of assistance requests sent by AMLU to counterpart FIUs abroad, totalling 68 requests during 2013 and 2017. The AMLU appears to be focusing on gathering financial intelligence, considering its limited resources, particularly the logistical resources which are still in the process of completing its infrastructure.
191. AMLU is sharing information in the SARs with the Income and Sales Tax Department. This has had a significant impact on uncovering crimes of tax evasion, and as a result, fines and taxes were imposed totalling around JOD 94.2 million (approximately USD 132.7 million). According to the statistical breakdown submitted in this regard, AMLU referred between 2013 and 30/12/2018 around 49 referrals to the Income and Sales Tax Department (which is equivalent to 10% of the total referrals to the security agencies and the judicial and supervisory authorities, totalling a number of 486 referrals). All cases referred were investigated. Accordingly, 14 cases were archived, and a penalty was imposed in 19 cases. As for the remaining 16 referrals, they are still under investigations given that tax evasion is considered the largest generator of proceeds (accounting to approximately 2.74% of the GDP as per the MLNRA findings). The assessment team considers that the imposition of fines or recovery of such a large value indicates that some cases of dissemination led to positive results, but they are few and not sufficient enough to conclude that the desired outcome was achieved, based on the foregoing and given that the

<sup>15</sup> Authorities reported that all the SARs (72) were referred to courts according to the latest update as at the end of 2018.



referrals to the said department account for 10% of the total referrals made by AMLU, whereas the cases to LEAs (account for 66% of the total referrals) do not appear to be supported by sufficient financial analysis (based on the cases presented to the assessment team) .

192. Concerning notifications on non-declared funds transported across borders, Jordan Customs department forwarded a total of 74 notifications to the AMLU, as shown below:

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>Total</b>
-	-	13	28	33	74

193. After reviewing its database and other available databases, AMLU disseminated 74 cases to the Public Prosecutor to initiate the investigation and impose fines as per the legislations in force. AMLU indicated that the 74 notifications received from Jordan Customs Department pursuant to the provisions of article 21 of the AML/CFT Law would enrich its database. The work of AMLU is limited only to providing the Public Prosecutor with the findings of its search of its database, and of other commercial databases without adding to the notification referred to it by Jordan Customs department any useful additional information that can be gathered via foreign FIUs (to identify the source of funds transported) and via the public and private sectors (to identify the final destination of funds). AMLU is unable to carry out this function due to the time period specified in article 21 of 2007AML/CFT Law which requires that AMLU shall issue a decision on the frozen or confiscated funds within a maximum of one week following the date of notification on whether to return the funds to their owner or refer the case to the court. The time frame needed to collect information via FIUs for instance can take months in some instances.

### **3.2.4 Cooperation and exchange of Information / Financial Intelligence**

194. AMLU was electronically linked to most national authorities to ensure direct access through an encrypted communication to the databases of each of the CSPD and the MOJ to access information related to lawsuits filed against the Jordanians and non-Jordanians, the CCD and the MITS to access information on companies and individual institutions, their owners, members of their boards of directors, and their authorized representatives, the DLS to access information on real estate property belonging or used to belong to Jordanian and Non-Jordanians, the Jordanian Customs to facilitate the exchange of information on declaration forms related to funds transported across borders<sup>16</sup>, and records of shipped goods pertaining to suspects involved in ML/TF operations and the NPOs sector (publicly available). Recently, AMLU received an approval to get an electronic access to the PSD through a special system so as to facilitate the exchange of information on suspects involved in ML/TF operations. Following the completion of the field visit, the AMLU provided written clarifications stating that the link was completed with the Unit of Returned Checks at CBJ.

195. The above mechanisms allow AMLU to access and collect information freely and securely. They also safeguard against possible “tipping-off” the subject of the STR / notification that they are being investigated and ensure the confidentiality of the information held by AMLU.

196. Coordination between AMLU and the GID is taking place informally and almost on a daily basis or whenever the need arises, by having one of the analysts from the AMLU pay a visit to the GID to assist it in the analysis of whatever information it has gathered, without retaining any working papers or documents. The GID made it clear that in light of the sensitivity of the cases it is pursuing, and to preserve the secrecy of the investigations, it is not sharing related information with any local party.

197. For the purposes of ensuring national cooperation and coordination to collect the necessary information and data to combat ML/TF at the appropriate time and of required quality, liaison officers were appointed at LEAs to enhance cooperation with AMLU.

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88. <sup>16</sup> Following the on-site visit, the Jordanian authorities clarified that the Income and Sales Tax Department is communicating with Customs for the purpose of exchanging information regarding the transportation of funds across borders, due to the significance of this exchange in combating tax evasion, adding that the two departments are being electronically linked.

198. The level of cooperation between PSD and the AMLU is acceptable in light of the number of SARs filed by reporting entities, totalling 1774 SARs related to a total of 2116 persons, against 1317 requests sent by the AMLU to the said Directorate, in the context of analysing these SARs in order to take the appropriate decision in their regard, with a view to collecting security information on suspects and persons associated with them, bringing the total number of persons to 3663. These figures indicate that AMLU is seeking to process 74% of the received SARs by using the mechanisms for cooperation with relevant security bodies. The same applies to the cooperation with the CDD which is considered fairly acceptable, given that the SARs received by the AMLU comprise 277 companies compared to 127 companies which were the subject of inquiry submitted by the AMLU to the said Department, which accounts for 46% of the total reported companies, in addition to the information available through the CDD website (considering its inadequacy for the reasons set out in IO.5). In contrast, the limited number of requests submitted by AMLU, especially to the Customs is indicative of low level of cooperation, yet the limited number of requests to DLS is not indicative of a low level of cooperation, especially that in 2016 AMLU was granted direct access to DLS database.
199. On the other hand, the MSD is working on responding to correspondences from judicial entities or authorities to inquire about associations, their proof of incorporation, and the names of their authorized representatives and representatives. The Ministry has stated in writing that it communicates sometimes with the bank to suspend or freeze the account of an association, to inquire about an account balance, or request detailed bank statements on any financial activity for the purposes of auditing and investigation. However, the assessment team did not receive any statistical data on the number of requests sent to relevant banks and the final decisions taken on frozen accounts or investigated accounts and the results of cases referred to the competent court if it was found that they are related to ML/TF offences and the associated predicate offences. It is worth noting that the Ministry's efforts made during the period from 10/1/2017 to 30/7/2017 resulted in the application of measures against three NPOs, after a decision to dissolve two NPOs and to appoint a temporary administrative body over a third one. The efforts made remain unsatisfactory in the light of the measures taken, the risks posed by NPOs and the extent to which they can be potentially misused for TF purposes (see IO.10).
200. To maintain the security and confidentiality of the correspondences received by AMLU, and to ensure that it is under control, including information gathered, used, kept and published, AMLU took a number of measures concerning receiving individuals subject of the SARs, incoming and outgoing mail, whether electronic or regular or by fax. Hence, the assessment team considers that the use of regular mail or fax (see Criterion 29.6 of the Technical Compliance Annex) is not a safe or secure channel to receive and send data or information, although it is rarely used, as mentioned in the country's response.
201. As for procedures, mechanisms and measures taken by LEAs to protect and maintain the confidentiality of information exchanged with any internal or external entity, the GID clarified that documents and information received are protected by law and the Department is not authorized to circulate or publish the same. Confidentiality procedures followed by the Department guarantees the same. On the other hand, it was not clear whether or not security bodies have concluded a MOU to enhance their level of cooperation and to exchange information on security issues and financial intelligence, either directly or through AMLU.
202. **Overall Conclusions on IO.6: Jordan is rated as having a moderate level of effectiveness for IO. 6.**

### **3.3 IO.7 (Investigations and Judicial Prosecutions in cases of money launderings):**

#### **3.3.1 ML Identifying and Investigating:**

203. According to legislation in force, AMLU shall identify and investigate cases of ML, to be later referred to the Public Prosecutor to initiate judicial investigations in this regard. It can be emphasized that all convictions were issued in the context of self-laundering according to the following examples:

**Box 3.3.1.1: Examples of sentences rendered in money laundering cases**

- Convicting the accused on ML charges derived from a misdemeanour contrary to the provisions of article 24/a/1 of 2007 AML/CFT Law and its amendments. The accused was sentenced pursuant to the provisions of the same article to prison for one year and a fine of USD 910000, with time served. The Court also decided, pursuant to the provisions of article 26 of the AML Law No. 46 of 2007 to confiscate the laundered funds that were valued at USD 910000.
- Convicting the accused with ML misdemeanour pursuant to the provisions of article 24 of 2007 AML/CFT Law and articles (417 and 80) of the Penal Code, and sentence them to one year in prison and a fine amounting to the proceeds of the crime and valued at USD 341000 or its equivalent in Jordanian Dinars

204. The Jordanian legislator adopted a comprehensive approach to identify the predicate offences of ML, extending the scope of criminalization. Article 18 of the 2007 AML/CFT Law authorizes LEAs, judicial authorities, and AMLU to exchange available information at any stage of the investigations regarding money laundering cases.
205. It did not appear to the assessment team that LEAs and judicial authorities give importance to ML identification and prosecution. The Jordanian legislator has set at least two main tracks for identifying ML offenses. The first track requires AMLU, in case there is a ML suspicion in any transaction, to prepare a report and refer it to the Public Prosecutor for necessary investigations and appropriate decisions as required by law. The second track requires LEAs to notify AMLU immediately if, during their mandate, they come across or discover a ML suspicion, in addition to the financial investigations of predicate offenses conducted by LEAs and the competent public prosecutor.
206. Identification and investigation into ML offenses require greater coordination between different stakeholders and LEAs mandated to carry out preliminary investigations and notify the AMLU of every ML suspicion, based on the notification obligation (article 18 of AML/CFT Law). Following the second face-to-face meeting, authorities reported that LEAs also have the power to conduct financial investigations of ML crimes derived from predicate offenses and that the financial analysis conducted by the AMLU helps investigation authorities detect and monitor the movement of funds. Statistical data provided in this respect show that the notifications referred by the GID to AMLU are almost non-existent for the reasons explained in IO 6, given that the GID, and in light of the confidentiality of its investigations, does not share the information it has with any national authority, including AMLU. The PSD is responsible for conducting investigations into cases brought to its attention. If the data points to a ML suspicion, it would notify the AMLU. The statistics provided in this regard show that the PSD referred 75 notifications to the AMLU between 2013 and 2017. Statistics also reveal that the IACC and the Income and Sales Tax Department have sent 8 notifications to the AMLU during the same period. The number of notifications communicated to the AMLU is considered very small and the number of investigations conducted by LEAs in ML suspicion relating to the major predicate offenses that generate illicit proceeds, including tax evasion, robbery, theft, drug trafficking and corruption, which account for 93% of the total proceeds of the predicate offenses, is not clear. In clarifying the reasons behind the reduced number of notifications and prosecutions in ML offenses, it was reported that law enforcement agencies do not conduct parallel financial investigations when carrying out preliminary investigations on the assumption that not all underlying crimes generate illicit proceeds. This explains the limited number of ML cases discovered and reported to the AMLU by virtue of 2007 AML/CFT law.
207. Upon referral from AMLU, the LEAs conduct field research to provide the necessary evidence to prove that the crime occurred and to reveal the identity of the perpetrators. For this purpose, LEAs carry out the necessary work to collect data from different public and private entities. It also conducts investigation and seizure (with a judicial warrant) operations, hear witness testimony pursuant to the provisions of the Code of Criminal Procedure, before taking the decision on whether or not to refer the case to judicial authorities.
208. In practice, it appears that the identification of ML offenses was negatively affected by the low number and quality of SARs received by AMLU from reporting entities (see IO.6) , in addition to the low

number and quality of notifications sent by LEAs; which inhibits the work of the AMLU in detecting and referring ML cases to the competent authorities. On the other hand, the number of ML investigations compared to the number of predicate offences which were investigated is not clear, according to the following statistical data:

Type of Crime	2012	2013	2014	2015	2016
Criminal Theft	5798	5020	4493	4509	3546
Offensive Theft	7711	6984	7497	7217	7164
Attempt to Steal	812	631	503	499	369
Fraud	2030	2175	2072	2254	2345
Car Theft	4908	5039	3341	1952	1107
<b>Total</b>	<b>21259</b>	<b>19849</b>	<b>17906</b>	<b>16431</b>	<b>14531</b>

Type of Crime	2012	2013	2014	2015	2016
Bribery	93	133	206	179	155
Embezzlement	8	6	13	4	7
Misuse of position power	4	7	6	6	6
<b>Total</b>	<b>105</b>	<b>146</b>	<b>225</b>	<b>189</b>	<b>168</b>

209. Compared to the indicated numbers of predicate offenses, statistics show that law enforcement agencies have in exceptional cases reported notifications to the AMLU in relation to predicate offences, as indicated in the following statistical tables:

Suspicion	2013	2014	2015	2016	2017
Money laundering	-	5	-	1	10
Corruption and embezzlement	4	5	6	23	8
Fraud	6	17	37	78	108
Theft	-	-	-	2	-
Tax evasion	15	13	44	97	79

Entity	Suspicion	2017	2016	2015	2014	2013
Competent Public Prosecutor	Money laundering/Criminal activities/Supporting ongoing investigations	6	42	21	4	5
Security bodies	Criminal activities/Supporting ongoing investigations	174	107	56	11	19
Supervisory authorities	Violating legislation/Supporting ongoing investigations	34	26	14	4	7

210. LEAs, under the supervision of the competent judiciary, can address financial institutions in order to collect financial information that can inform their investigations. However, the statistical data provided by the Kingdom shows that LEAs seek, at varying degrees, to monitor the movement of funds of persons prosecuted in predicate offenses despite the importance of this matter in detecting new ML cases as well as ML methods, patterns and trends so as to provide feedback to AMLU to establish guidelines and circulate them to subjected entities to assist them in detecting and reporting similar cases, which would improve the effectiveness of AML/CFT system. This is confirmed by the fact that the GID sent 21 requests to the CBJ between 2012 - 2018 in order to collect financial Information and 360 requests to banks, exchange companies and credit cards companies between 2013 and 2018. As to the IACC, it is found that it has communicated 127 requests to the CBJ between 2015 and 2018 with a view to collecting financial

intelligence from exchange companies on the details of financial operations and remittances. The assessment team considers that the number of the requests sent by these two authorities to collect financial intelligence remains insignificant, in view of the large number of predicate offenses committed against money and those relating to corruption, according to tables above.

211. AMLU conducts analysis into ML offenses and has financial analysts (see IO 6) to process SARs, notifications and requests of information received from both internal and external parties. When examining the cases referred to the AMLU, the focus is on the sources of income of the stakeholders, the financial flows on their accounts and their relationship with their business to determine whether the nature of their business justify the legitimacy of the funds in question. The role of AMLU remains limited in discovering ML cases, considering the results of cases referred to the Public Prosecutor on one hand and those referred to LEAs on the other hand, since it is found that they triggered new investigations, but the financial intelligence referred by the AMLU was not sufficient most of the times, to support the operational needs of the said authorities, which is evidenced by the limited prosecutions and final judicial rulings issued in ML offenses.
212. Most LEAs have their own databases, though, they complain about the absence of mechanisms for establishing links between them, which help improve coordination and cooperation to take the necessary decisions in a timely manner.
213. The assessment team could not perceive the increase in the quality of the SARs spontaneously referred by the AMLU to LEAs. On this note, it was found from the cases provided to the assessment team (see IO.6) that they triggered new investigations, but the information contained therein was not sufficient to initiate judicial prosecution, pending final court judgments.
214. LEAs have officers and individuals responsible for conducting ML investigations and many of them attended training courses and workshops on AML topics. It did not appear whether they have the sufficient expertise to conduct financial investigations and to identify and trace illicit assets. What raises questions about this subject matter is the information held by the assessment team on the GID's reliance on the AMLU analysts to assist in the analysis of financial information, which indicates that there is a need to improve the efficiency of law enforcement authorities in conducting financial investigations to increase the detection ratios for ML offenses in light of the limited cases identified, combined with Jordan's geographical reality and risk profile.
215. Jordan ascertained that among 78 ML SARs, and notifications referred to the competent Public Prosecutor from 2013 to 2017 (see table above), 57 were referred to the court. Sentences rendered on ML between 2013 and 2018 reached around 44 cases, according to statistics provided by the MOJ during the field visit. After review, it turns out that 10 cases were related to ML offenses, while the rest were related to the violation of any of the provisions of 2007 AML/CFT law (article 30 of AML/CFT Law) despite the substantial rise in the predicate offenses referred to regular courts, the proceeds of which constitute ML offense, as indicated in the table below.

<b>Table 3.3.1.5: ML predicate offenses</b>						
<b>ML predicate offenses at regular courts</b>	<b>Number of cases recorded for 2013-2017</b>					
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Fraud	2710	3183	2868	3168	3332	-
Robbery (criminal theft) or theft	12364	14454	15457	14321	15278	-
Tax evasion	129	748	834	663	606	-

216. Among the ten cases considered by the courts in Jordan, it appeared that 2 of them ended in non-liability, one in acquittal and seven in convictions<sup>17</sup>, as follows:

<sup>17</sup> The judgment rendered in 2017 (lawsuit serial No.1014) was triggered by a notification and SAR, given that the AMLU received a SAR followed by a notification, which were both referred to the Public Prosecution.

Table 3.3.1.6: cases considered by the courts in Jordan				
Number	Year	Sequence	Court	Judgment summary
1	2013	1062	Court of Cassation	Ratification of the judgment ordering the conviction of a PEP for violating the provisions of the AML/CFT law, with temporary hard labour for a period of five years, fees and a penalty amounting to JOD (20580351) and the confiscation of the proceeds of the ML crime amounting to JOD (24268126)
2	2014	854	The Court of First Instance	Convicting the culprit on ML charges derived from a misdemeanour in violation of the provisions of articles 3 and 4 of the AML/CFT Law and sentencing them pursuant to the provisions of article 24/a/1 of the same Law to prison for 3 years and a fine.
3	2013	687	Misdemeanours Northern Amman	Convicting the culprit... on ML charges derived from a misdemeanour in violation of the provisions of article 24/a/1 of the AML/CFT Law and its amendments. The culprit was sentenced pursuant to the provisions of the same article to prison for one year and a fine of USD 910000, with time served. The Court also decided, pursuant to the provisions of article 26 of the AML Law No. 46 of 2007 to confiscate the laundered funds valued at USD 910000.
4	2017	1242		Convicting the culprit... and pursuant to the provisions of article 24 of the AML/CFT Law and articles (417 and 80), the culprit was sentenced to one year in prison and a fine amounting to the proceeds of the crime and valued at USD 341000 or its equivalent in Jordanian Dinars.
5	2017	4719		Convicting the culprits... on charges of money laundering jointly in violation of the provisions of article (24/a/1) of the AML/CFT and article 76 of the Penal Code and sentencing each one of them to one year in prison, a fine valued at 3045 Jordanian Dinars and the fees.
6	2017	53		Convicting the culprits... on charges of money laundering jointly in violation of the provisions of article (42/a/1) of the AML/CFT law with imprisonment for one year and the fees
7	2017	1014		It was decided to sentence the culprit ... to temporary hard labour for five years, and to confiscate the criminal proceeds amounting to USD 5 million, pursuant to article (24/a/2) of the AML/CFT law

217. Sentences rendered on ML (7 convictions, 2 non-liability and 1 acquittal) during a period that exceeded five years indicate the existence of a major issue in identifying and investigating cases compared to the number of SARs and notifications on ML crimes referred since 2013 up until 2017 to the competent Public Prosecutor, and totalling 78, and the number of referrals from the Public Prosecutor to the court (57).

218. Legally speaking, the decision to launch a parallel financial investigation rests with LEAs under the supervision of the Attorney General. However, in the absence of any statistical figures related to this procedure and its actual application and based on the number of investigations of predicate offences compared to the number of notifications on suspected ML during the period from 2013 to 2017, which did not exceed 125 notifications received from various judicial, security, administrative and supervisory authorities (see IO.6), it appears that the parallel financial investigation mechanism is not functioning.

219. Following the second face-to-face meeting, the assessment team was provided with a statistical table on the parallel financial investigations for third-party or foreign ML crimes, conducted in cooperation between the AMLU and counterpart FIUs, as indicated in the following table:

Year	Number of notifications	Number of notifications on third party ML	Number of notifications referred to the competent public prosecutor /third party ML	Percentage of notifications referred to the competent public prosecutor on third party ML
2015	14	6	0	0
2016	24	4	2	%50
2017	26	6	3	%50
<b>Total</b>	<b>65</b>	<b>16</b>	<b>5</b>	<b>%31</b>

220. The table above indicates that AMLU referred a total of 5 notifications to the competent public prosecutor on third party ML suspicion, between 2015 and 2017, and there is absence of information indicating that these notifications led to judicial prosecutions, knowing that the number of notifications remains low. In addition, Jordan did not provide any statistics on parallel financial investigations conducted by LEAs or judicial authorities.

221. As to the PSD, the Preventive Security Department related to it has a division specialized in combating ML and employs 48 officers as declared by the Kingdom's officials and are receiving internal and external specialized training. The said division conducted investigations in the AML field and statistics provided in this regard indicate that the said division referred 75 SARs to the AMLU, which has, in turn, referred two cases on ML suspicion to the competent public prosecutor (see IO.6).

222. The ML Department related to the Preventive Security Department at the Public Security Agency and the remaining competent departments concerned with predicate offenses such as crimes of theft, fraud, drug trafficking, trafficking in human beings is related to one department which is the Public Security Directorate; this theoretically facilitates cooperation and coordination among the said departments, including the division concerned with the fight against drugs that proved to be effective in pursuing those involved in drug trafficking. On this note, investigations led to final judgments ordering the confiscation of instrumentalities of crime estimated at around JOD (235,728,208), (see IO.8) and no ML investigations were conducted in parallel, which indicates a weak coordination between the division concerned with the fight against drugs and the AML department. This is evidenced by the absence of prosecution of ML crimes derived from drug trafficking.

223. The provided statistics show that the human resources of the ML Department under the administration of the Preventive Security Department periodically receive many courses and training workshops (4 in 2018) and lectures (24 in 2018), which included more than 300 participants, as summarized in the following table:

Year	Courses on security and protection of investment and ML	Lectures	Workshops
2015	2	67	5
2016	2	111	4
2017	2	83	6
2018	2	24	2

### 3.3.2 Consistency of ML Investigations and Prosecutions with threats and Risks profile, and National AML Policies

224. Given the general context of the risks in Jordan, and its geographic location, and based on the preliminary findings of the NRA report, it was found that the main predicate offenses that generate criminal proceeds are represented in crimes of tax evasion (valued at JOD 695 million in 2016, almost USD 980 million), theft and robbery (valued at JOD 72 million in 2016, almost USD 101 million), and drug trafficking (valued at JOD 66 million in 2016, almost USD 93 million), corruption and bribery

(valued at JOD 39 million in 2016, almost USD 55 million), particularly in view of the significant amounts recovered through the IACC reaching around JOD 202 million equivalent to USD 285 million (see IO.1 and IO.8).

225. It is not possible to identify the extent to which ML investigations and judicial prosecutions are consistent with the threats and risk profile of Jordan, in view of the absence of statistics on the number of investigations into suspected ML relating to the main predicate offenses that generate criminal proceeds. Shortcomings identified in IO.1 affect the extent to which ML activities are investigated and prosecuted in a manner that is consistent with threats and risk profile in Jordan and national AML/CFT policies, in terms of the comprehensiveness of the information used to prepare it and share it with all concerned entities. These risks include, without limitation, fraud in tenders, given that the IACC ascertained that its estimates indicate that public tenders represent the most important field in which violations are committed, and this is a risk that is even higher than the risk posed by the tax evasion. In addition, a large number of on-going research were tackled, namely in the municipalities field, however, such threats were not reflected in the preliminary results of the NRA report.
226. Initial estimates at the Income and Sales Tax Department indicate that criminal proceeds related to tax evasion could reach around JOD 250 million (USD 352 million). This is still a significant figure, given the average volume of proceeds estimated at JOD 940.4 million (almost USD 1.3 Billion). No statistics on the number of investigations into ML cases relating to tax evasion conducted by the Department were provided. The role of the Department in detecting ML cases remains limited, as it sent 5 notifications to the AMLU during the period from 2013 to 2017, which is not consistent with the number of tax evasion investigations conducted by the Department which led to tax refunds amounting to USD 358 million approximately (see IO.8), without considering the prosecution of the persons involved in the ML offense.
227. The PSD is responsible for combating predicate offenses that generate criminal proceeds which involve money laundering, including drug crimes, prostitution, trafficking in human beings, fraud, theft, robbery, kidnapping, racketeering, electronic piracy, trafficking in perished and prohibited medicines and foodstuff, environmental crime, counterfeiting currency, documents, brands and trademarks, cases of murder and hostage restraint, arms trafficking, and cases of investment and monitoring the transportation and trade in hazardous materials. No statistics on the number of investigations into ML cases relating to the main predicate offences that generate criminal proceeds conducted by the PSD were provided. The fact that the PSD issued 75 communications to the AMLU during the period between 2013 and 2017, as well as communicated requests to collect financial information through the Central Bank or directly from banks and exchange institutions (see IO.6) is not a sufficient proof that it conducted investigations (in terms of number and scope) into ML cases relating to the main predicate offenses that generate criminal proceeds, in view of the limitedness of the notifications and requests which did not exceed 456 during the said period, since the PSD undertakes, as mentioned above, investigations into various crimes most of which (except for the drug crimes, robbery and theft) are not listed among the main predicate offenses, according to the preliminary findings of the NRA. Even in the event where all these requests and notifications are related to investigations into ML cases relating to drug trafficking cases, it cannot be said that the number of these investigations is consistent with the number of drug trafficking cases detailed in the following table:

<b>Table 3.2.2.1: number of drug cases and their estimated value</b>			
<b>Year</b>	<b>Number of trafficking cases</b>	<b>Number of cases of drug use</b>	<b>Estimated value of seizures</b>
2014	787	9805	JOD 56490360 (almost USD 80 million)
2015	982	10080	JOD43672670 (almost USD 62 million)
2016	1924	11694	JOD 65589715 (almost USD 91 million)
2017	2097	11853	JOD 44810859 (almost USD 63 million)
1st half 2018	1510	7189	JOD 25164604 (almost USD 35 million)

228. In addition, statistics provided by the Anti-Narcotics Department indicate that a large number of drug trafficking cases are seized at the border or in Aqaba port. This certainty does not reflect efforts on the ground, in the absence of international coordination in this regard.



229. IACC represents one of the authorities entrusted with investigating corruption crimes. It includes a sufficient number of employees, with 94 in the Investigation Directorate, 43 of them hold the status of judicial police. The IACC reviews cases according to complaints filed directly or by referral from the competent Public Prosecutor to provide support in ongoing investigations. The role of the IACC in detecting or investigating cases of money laundering derived from corruption crimes remains limited, due to the low number of cases pursued by the public prosecutor of the IACC, which is not consistent with the corruption crimes facing Jordan. The fact that the IACC sent 6 notifications on suspected ML to the AMLU is not a sufficient proof that the number of investigations conducted by the IACC into suspected ML is consistent with the number of corruption cases it pursues and which led to the recovery of JOD 202 million approximately (see IO.8), without considering the prosecution of persons involved in the ML offense (the assessment team was not provided with the number of ML cases associated with corruption crimes and their relevant proceeds).
230. In light of the limited number of ML cases detected, it was not possible for the country to provide statistics on the breakdown of those cases in relation to predicate offences or ML methods and trends. In order to fully understand ML operations in Jordan, the country should collect and classify statistics on ML cases by predicate offence to determine whether the number of cases detected (even though limited) is consistent with the risk profile identified after the completion of the NRA. The assessment team has noticed that the large number of investigations into predicate offences that generate criminal proceeds is coupled with a very low number of ML investigations. For example, the number of drug trafficking cases since 2014 until the end of June 2018 is around 7300, while there is absence of information on whether there were ML cases linked to the drug trade. Thus, the assessment team has concluded that the Jordanian authorities do not actively investigate ML cases in accordance with the risk profile, this is primary due to the weak parallel financial investigation when investigating predicate offences.

### **3.3.3 Types of ML cases pursued**

231. Jordan did not provide any statistics on prosecutions related to ML crimes and predicate offences. Furthermore, the number of convictions (7) and the number of acquittals and non-liability (3) in 5 years remain limited and exceptional.
232. Some judicial practices provided refer to prosecution and conviction in cases of self-laundering resulting from criminal proceeds generated locally and by Jordanian suspects. Jordan did not submit statistical data or examples referring to the conviction of legal persons in ML crimes. Based on the geographic location of Jordan and the instability in several neighbouring countries and the large number of physical transportation of cash across borders, (as the figures issued by Customs indicate). Therefore, there is a concern that Jordan is not prosecuting cases of ML resulting from the proceeds of crimes that occurred abroad.
233. Case studies show that despite limited efforts made to prosecute ML cases in general, it is apparent that authorities engaged in research and investigation have the ability to deal with multilateral cases.

#### **Box 3.3.3.1: Case of Fraud No. 56/2015**

On May 27, 2015 AMLU sent a letter containing information that led to filing a lawsuit by the IACC Public Prosecutor. Shortly the IACC received 28 letters from AMLU including SARs and financial analysis of 109 persons related to the facts of the case. Following the investigation, the collection of written data and witness statements and the search of houses and offices of persons involved, it was found that 2 persons were planning to carry out a fraud scheme by purchasing vehicles from citizens at a value exceeding their real market value by 15 percent in exchange for deferred checks for 4 months and then they would resell them at a value lower than their real market value by 10% to receive cash money. Investigations required to hear 2372 complainants. 99 people were accused, and the funds of 19 people were seized.

234. This example provided by authorities in Jordan, while indicating the proper handling of fraud investigations; remains questionable on the ML side, especially that it was not included in the convictions issued between 2013 and 2018.

235. Jordan did not provide information, statistics or case studies showing that LEAs and judicial authorities pursue, when considering the cases brought to them, third party money laundering cases or stand-alone money laundering cases (when it is not possible for the accused to prove that their funds are legitimate) which is evidenced by the fact that all the convictions were issued in the context of self-laundering.

236. Jordan did not provide statistical data or other practical examples on carrying out financial investigations or judicial prosecutions related to foreign offenses, except for 2 practical examples which indicates shortcomings in the effectiveness of the analysis conducted by the AMLU and the absence of an effective role by other LEAs in investigations and prosecutions of ML crimes and the associated predicate offences committed outside the country.

**3.3.4 Effectiveness, Proportionality and dissuasiveness of sanctions**

237. The sanction imposed on the ML offense varies according to the predicate offense from which the funds are generated. This means that in case the funds were generated from a misdemeanour, the sentence of imprisonment from one to three years will be applied to the ML offense. In case the funds were generated from a felony, the temporary hard labour for a period not less than 5 years shall be applied. In both cases, a penalty not less than the value of funds subject of the offense shall be imposed, in addition to the confiscation of proceeds or any funds of equivalent value, in case their confiscation or seizure was not possible. In all events, the sanction is doubled in case of repetition. In practice, among the persons who were convicted for money laundering generated from a misdemeanour, the maximum sentence was imprisonment for three years. While the two persons who were convicted for money laundering generated from a felony were sentenced with hard labour for five years. The maximum sanction reached JOD 20,5 million (equivalent to USD 29 million), in addition to the confiscation of the criminal proceeds amounting to JOD 24,2 million (equivalent to USD 34,2). It is worth noting that in some cases, no confiscation or penalty was ordered (see table below).

<b>Table 3.3.4.1: Sanctions applied in cases of ML conviction (2013-2017)</b>						
<b>Year</b>	<b>Number of persons convicted of ML generated from</b>		<b>Sanction applied</b>			
	<b>Misdemeanour</b>	<b>Felony</b>	<b>Imprisonment (year)</b>	<b>Hard labour (year)</b>	<b>Penalty</b>	<b>Confiscation</b>
2013		1		5	JOD 20 580 351	JOD 24 268 126
2013	1		1		JOD 910 000	JOD 910 000
2014	1		3		-	-
2017	1		1		\$ 341 000	-
2017	Not specified		1		JOD 3045	-
2017		1		5	-	\$ 5 000 000
2017	Not specified		1		-	-

238. Economic crimes comprise any of the crimes set out in article 3 of the criminal crimes law No.11 of 1993 and its amendments, including crimes of breach of office duties (bribery, embezzlement, trading in influence, abuse of functions ), and crimes of theft, fraud, breach of trust. The sanction applied to bribery is not less than two years (article 170 of the Penal Code) and in some cases, temporary hard labour can be ordered (article 171). Accordingly, the sanction can vary between 3 years to 20 years at the most. The same applies to crimes of embezzlement (article 174), breach of trust (article 175), and theft, where in some cases, the sanction is not less than 5 years (article 403). As to fraud crimes, in some cases, the sanction is not less than two or three years (article 417). Therefore, it appears that the sanctions applied to the ML offense generated from a misdemeanour is less than the one applied to the afore-mentioned economic crimes. In general, the sanctions applied in cases of conviction of money laundering generated from a misdemeanour are not considered effective, proportionate and dissuasive, unlike the sanctions applied in case funds were generated from a felony, where the sanction is not less than 5 years (article 24-a/2 of 2007 AML/CFT law).

239. There have been no examples of confiscation sentences involving instrumentalities used or intended for use in committing the crime, and there is no data on the sanctions which could have been imposed against legal persons.

### 3.3.5 Use of alternative measures

240. Article 9 of Law No. 11 of 1993 on Economic Offences approved the mechanism of reconciliation in financial crimes, which enables the Public Prosecutor to arrange a reconciliation with the accused during the investigation process or trial, provided that the funds are returned or settled. The implementation of the reconciliation decision depends on the approval of a judicial committee headed by the Chief of the Public Prosecution and the membership of the Magistrate of the Court of Cassation chosen by the President of the Judicial Council, and the Civil Attorney General (the representative of the Government in cases related to the Treasury) after hearing the opinion of the Public Prosecutor. This mechanism is constantly practiced. The following table illustrates information on reconciled cases, from 2016 to 2018:

<b>Year</b>	<b>Number of Cases</b>	<b>Amounts Received</b>
2016	49	JOD 2,870,190 (almost USD 4 million)
2017	29	JOD 600,000 (almost USD 845,000)
24/07/ 2018	19	JOD 155,632 (almost USD 219,000)
<b>Total</b>	<b>97</b>	<b>JOD 3,625,822 (almost USD 5 million)</b>

241. The mechanism for reconciliation in economic cases is considered a recognized criminal justice procedure in Jordan, and it is governed by legislative controls represented in granting the Public Prosecutor the power to conclude reconciliation which is subjected to the supervision of a judicial committee formed of three high-degree judges. their decision to discontinue the prosecution at the investigation or trial stage shall be effective only after being approved by the said committee and this mechanism is achieving the expected objectives in the area of asset recovery, when the evidence is not sufficient to ensure that a ML conviction is reached. Nonetheless, , the information held by the assessment team does not indicate whether the public prosecutor is using the reconciliation mechanism, only when the evidence is insufficient to proceed with the judicial prosecution and avoid the lengthy lawsuits, when it is not guaranteed that they will result in the application of appropriate sanctions against the persons involved and in the confiscation of their illicit funds or the restitution of such funds to the rightful owners, particularly in the economic crimes committed against persons, such as fraud, theft and the like, or if it is used as an easy substitute for the achievement of criminal justice. Considering the repetitive use of the reconciliation mechanism, based on the data mentioned in table 3.2.5.1 above and the country’s failure to provide detailed facts about the situations that required the use of this measure, the assessment team considers that the reconciliation measure in economic crimes and its consistent application periodically undermines the ML prosecution and conviction.

242. According to article 29 of IACC Law No. 13 of 2016, in cases where a ML investigation is being carried out but, for justifiable reasons, it is not possible to secure a conviction for the ML offense, the proceeds of corruption could still be recovered in case the court issues a decision to drop the public right lawsuit or to cease prosecution or to exempt from punishment. In practice, however, IACC has not taken any steps towards the adoption of this mechanism without providing a legal or practical justification for doing so. Implementing this legal provision would provide a significant addition to the effectiveness of the mechanism of confiscation of funds in ML offenses, especially in light of the small number of convictions issued therein.

243. **Overall conclusions on IO. 7: Jordan is rated as having a low level of effectiveness for IO.7.**

### 3.4 Immediate Outcome 8 (Confiscation)

#### 3.4.1 Confiscation of proceeds, instrumentalities and property of equivalent value as a policy objective

244. Although the assessment team has not seen any policies, instructions or guidelines regarding confiscation and asset recovery, but in light of the legal framework and cases presented, the assessment team believes that Jordan considers confiscation as one of its policy objectives and seek to seize and freeze assets, instrumentalities of crime, proceeds and property of equivalent value as a policy objective in

preparation for their confiscation pursuant to the laws in force, particularly the 2007 AML/CFT Law.

245. Although the assessment team has not seen any policies, instructions or guidelines regarding confiscation and asset recovery, the team, in light of the legal framework and cases presented, finds that the confiscation of the proceeds is considered as a policy objective in Jordan, but this does not appear to apply to instrumentalities of crime and property of equivalent value, as Jordan's legal framework allows law enforcement authorities in general to seize and freeze assets, whether related to money laundering and related offenses, or the financing of terrorism, and allows for the confiscation of all items obtained as a result of a felony or a misdemeanor intended or used in the commission of or destined for its perpetration, whereas in the case of an unintentional misdemeanor or violation, it must be stipulated for so as to order their confiscation. However, the same legislation is deficient as regards the scope of application of confiscation provisions; except for customs and drug offences, the confiscation does not include the instrumentalities used or intended for use in the ML offence. Article 24 of Law No. 46 of 2007 provides that any person who commits a ML offence shall be punished with a fine not less than the funds derived from the crime, if these funds are generated from misdemeanor or felony. As to TF, the said law allows the confiscation of all instrumentalities used without including those that are intended to be used in the TF offence.
246. The law in force provides for the procedures of seizure and confiscation of proceeds of money laundering offences and adopts the judicial confiscation mechanism. Article 26, paragraph 1 of AML/CFT Law No. 46 of 2007 requires the court to include in the sentence of conviction the confiscation in kind of proceeds or funds of equivalent value in the event that they cannot be seized, executed or, if disposed of not in good faith. In the event that the proceeds are mixed with property acquired from legitimate sources, such property shall be subject to confiscation provided for in this article within the estimated value of the proceeds.
247. Authorities are dealing with confiscation procedures in the offence of ML and TF as with predicate offenses in general, which includes the recovery of criminal proceeds without taking into consideration the characteristics of confiscation in ML and TF crimes, which can include other funds of equivalent value in case of inability to confiscate or seize the proceeds of the crime itself.
248. Confiscation in Jordan is considered an accessory penalty for criminal conviction and does not include the confiscation of instrumentalities used or intended for use in money laundering. The cases provided to the assessment team did not indicate that the Judiciary enforces the confiscation of criminal proceeds, instrumentalities and property of equivalent value.
249. The AMLU is giving effect to the power conferred upon it under article (8) of law No.47 of 2007, by requesting the public prosecutor to preserve the funds subject of the suspicious transaction, including the spontaneous referrals made to the competent public prosecutor. The assessment team was provided with examples showing that the AMLU is giving effect to its powers in this regard.
250. Following the face-to-face meeting, Jordanian authorities indicated that the public prosecutor is taking decisions in all the predicate offenses and ML/TF offenses that require the provisional seizure of the funds of the accused, his wife, ascendants and descendants and to prevent them from traveling, according to article (9) of the criminal crimes law and article (27) of the AML/CFT law. These procedures are followed with respect to all the cases that entail financial proceeds, in order to secure the implementation of the confiscation judgments when a conviction is ordered. The assessment team was provided with (4) examples showing that the public prosecutor communicated with the CBJ and the Securities Depository Center in order to impose a provisional seizure on all the funds, account balances and shares of the concerned persons. This indicates that the judicial authorities are not tracing all the movable and immovable assets of the concerned persons, when examining the cases presented to them; which would limit the effectiveness of the convictions issued, knowing that the limitedness of the (4) examples provided in this regard shows that this trend is not given effect periodically and permanently .
251. Despite the legal powers available in this regard in Jordan, the weak parallel financial investigations and the failure to rely on international cooperation mechanisms limit the ability of authorities concerned with investigations to use temporary precautionary measures at an early stage in order to prevent the

disposal of funds associated with criminal activities or funds of equivalent value.

252. Jordan lacks any unified system or body to dispose of funds that have been seized or frozen or to follow up the execution of confiscation sentences and the subsequent disposition of the resulting funds. However, it was noted that there are procedures for the preservation and management of seized assets (with the exclusion of confiscated funds). These procedures are limited to IACC and are represented in the so-called "deposit account of settlements and reconciliations." It was confirmed through the statements of direct officials of the Commission that this account is actually used to reserve the funds recovered without managing them as required by law.

**3.4.2 Confiscation of proceeds from foreign and domestic predicates, and proceeds located abroad**

253. The number of verdicts related to ML offences is limited and does not exceed 7 convictions, three of which included confiscation, as indicated in table the table below:

Case number	Amounts confiscated
687 for 2013	USD 910,000
1062 for 2013	JOD 24,268,126 (approximately USD 34,6 million)
1014 for 2017	USD 5 million

254. Information was provided on the value of the funds confiscated in ML offences (confiscation of an amount totalling USD 40,5 million by virtue of 3 judgments), some associated predicate offenses (confiscation of an amount totalling USD 2,5 million in cases related to drug trafficking) and TF offenses (confiscation of jewellery and cash amounts in a case related to raising and securing funds for the purpose of using them in financing terrorists). It is noticed that the number of judgments that include the confiscation sanction, particularly for the ML and the TF offense is low.

255. Regarding predicate offenses, the assessment team was provided with statistics on the value of tax refunds and cash amounts recovered through the IACC and the seized items relevant to drug trafficking. This indicates that the actions taken whether by virtue of confiscation judgments or judgments ordering financial penalties contribute to depriving criminals of their assets and instrumentalities derived from the main predicate offenses that generate proceeds, according to the ML NRA.

256. The IACC provided statistics relating to its enforcement of the provisional seizure measure, directly or pursuant to a request sent to the competent Public Prosecutor after the issuance of the Integrity and Anti-Corruption Act of 2016. These statistics included the following information:

Year	Number of Provisional Seizure Decisions or Requests
2013	6
2014	12
2015	1
2016	3
2017/mid 2018	1

Year	Amounts Recovered by the Commission (in Jordanian Dinar)
2013	18,942,481
2014	18,421,859
2015	115,350,471
2016	18,260,539 (from Ta'azim case in 2016) in cooperation with PPO
2017	31,586,820 (completing collection of amounts from Ta'azim case in 2016) in cooperation with PO/Judiciary
<b>Total</b>	<b>202,562,170</b>

257. The disparity and general decrease in the figures provided in the statistics on the decisions and requests for provisional seizure submitted by IACC indicate the failure to regularly activate the mechanism of judicial confiscation of criminal proceeds. It is also noted that provisional seizure as a temporary measure is rarely used and not given effect on a regular basis during the research and investigation process.

According to the IACC, this is due to the fact that not all the cases it considers require the application of a provisional seizure, as many of them fall under the administrative corruption that does not require the provisional seizure, and this is probably evidence of a flaw or shortage in the legislation.

258. As regards the funds recovered by the IACC (without confiscation judgments), the amounts of (JOD 202,562,170) equalling (USD 285,298,831) which were recovered by the IACC contribute to depriving criminals of the criminal proceeds and achieve the same objectives and purposes of the confiscation, although no confiscation was ordered in their regard.
259. Authorities provided some examples of judicial sentences that confirm the tendency towards the confiscation of the instrumentalities of crimes committed in the field of customs regardless of their value. This is an important factor that would represent a real deterrent to prevent these crimes from continuing, as illustrated in the following case study:

**Box 3.4.2.1: Customs Case No. 1821/2015 (1)**

The court sentenced the accused of the crime of smuggling and tax evasion to the following:

- A fine of JOD 600,000 (almost USD 845000) for customs duties.
- A fine of 156,025 (almost USD 220000) dinars as VAT and duties on the contents of the customs declaration No. 4/10500
- sources of transportation.
- A fine of 160,000 (almost USD 225000) dinars for double tax (for tax evasion)

260. The Customs also provided a statistic on the value of the amounts which were confiscated or where the confiscation of their equivalent value was ordered, amounting to JOD (8,586,848), equivalent to USD (12,000,000), in application of the customs law, as follows:

<b>Table 3.4.2.4: Value of goods which were confiscated</b>		
<b>Year</b>	<b>Total value of confiscated goods in JOD</b>	<b>total customs penalties and confiscation rate in JOD</b>
<b>2014</b>	645,744	1,290,436
<b>2015</b>	2,011,010	15,066,584
<b>2016</b>	1,782,388	33,757,595
<b>2017</b>	1,557,050	23,469,747
<b>2018</b>	2,590,656	6,544,293
<b>Total</b>	8,586,848	80,128,655

261. As regards funds relating to terrorism and its financing, Jordan provided examples of cases where only custodial sanctions were issued, even though they involved funds, and new statistics were also provided on the number of confiscation judgments issued by the State Security Court, based on the following cases and statistics:

**Box 3.4.2.2: Terrorist Financing Case (2)**

- The terrorist financing section of this case included the provision of funds from one of the accused to the other to facilitate his travel to Ghaza and Sinai in Egypt in order to recruit him to join an armed terrorist group
- The court explained that one of the physical elements of the crime of recruiting people for the purpose of joining armed groups and terrorist organizations includes providing the necessary funds for this.
- The person was tried in accordance with the provisions of paragraph (3) of Article (118) of the Penal Code and was sentenced to 5 years in prison.

**Box 3.4.2.3: Terrorism Financing Case (3)**

Pursuant to article 118/3 of the Penal Code, the accused were charged with recruiting individuals for the purpose of joining armed groups and terrorist organizations. One of the accused collected alms money from mosques in order to spend on persons who left for a conflict area to fight. Also, one of the accused paid the sum of 4100 dinars to purchase Kalashnikovs and ammunition for use in the fighting in the conflict area. They were put on trial and one of them was sentenced to five years custodial arrest and another for four years.

<b>Table No.3.4.2.5: Examples of judgments rendered by the State Security Court which ordered the confiscation of the instrumentalities, tools and proceeds of crime</b>	
<b>Case Number</b>	<b>Summary of the judgment</b>
661 for 2015	Confiscation of the seized firearms, ammunition and their warehouses, explosives, raw materials used in their manufacture, laboratory materials, sharp tools, military uniforms, papers regulating the methods for the preparation of explosives and seize surveillance cameras.
1382 for 2015	Confiscation of firearms, their warehouses and ammunition, and cash amounts and mobile phones
66 for 2017	Confiscation of all the fire and automatic arms, ammunition and ancillaries, and military supplies
for 2017 1441	Confiscation of the seized bomb and sharp tool
2017 for 3401	Confiscation of seized jewellery and cash amounts, in addition to housing apartments, the plot of land and the other seized items in this case which is related to persons who raised and secured funds to use them in financing terrorists.
2018 for 2871	Confiscation of the amount of USD 980,000
2018 for 3017	Confiscation of a vehicle and the amount of JOD 848,000 and the seized funds

262. Even if these examples indicate the direction of the State Security Court to order confiscation in some terrorist and TF crimes (see IO.9), the observation remains in relation to the limited number of cases in which confiscation is ruled in comparison with the total number of files referred to the State Security Court in the field of terrorism. It is also noted that the judgments were limited to the confiscation of seized items such as criminal instrumentalities and tools without the proceeds used or intended or allocated for use in financing terrorist acts or property of an equivalent value. This supports the abovementioned conclusion of the assessment team that authorities are dealing with the confiscation procedures in ML/TF offenses as they do regarding predicate offenses in general, on the basis of the recovery of criminal proceeds without expansion to adopt the specificity of the procedure, which allows its expansion to the remaining proceeds and funds of equivalent value.

263. Furthermore, Jordan provided data on tax refunds related to criminal proceeds based on judicial decisions, which are represented as follows:

<b>Table No.3.4.2.6: Value of tax refunds based on court judgments</b>			
<b>Year</b>	<b>Number of cases related to income and sales</b>	<b>Income and sales conclusive penalties</b>	<b>Income and sales penalties paid by virtue of conclusive decisions rendered by the court</b>
2013	33092	71,910,829	31,505,667
2014	33209	76,982,948	30,982,416
2015	33877	38,212,262	31,985,158
2016	32063	46,952,413	18,889,239
2017	32666	17,511,550	11,945,974
<b>Total</b>	<b>164907</b>	<b>251,570,002</b>	<b>125,308,455</b>

264. The tax refunds collected by virtue of court judgments imposing financial penalties according to the legal texts in force in Jordan achieve the element of deterrence and are considered as a substitute for confiscation. They also contribute to depriving criminals of the proceeds generated from committing crimes, even if no confiscation was ordered in their regard.

265. The Anti-Narcotics Department provided a statistic on the number of vehicles which were confiscated between 2014 and 2017 and totalling 70, in addition to a statistic on the quantity of seized drugs (for instance, 512 kg of heroin, 235 captagon pills, 1131 kg of cocaine, etc...) which were confiscated and whose value was estimated at around (JOD 235,728,208), which is approximately equivalent to (USD 332,011,561), in addition to the confiscation of cash amounting to USD (2,500,000) approximately.

266. The statistics provided particularly by the Anti-Narcotics Department indicate the effectiveness of the said Department in tracing, seizing and confiscating instrumentalities of crime, such as vehicles and hazardous materials including various types of drugs. This indicates that this core issue was somewhat achieved, based particularly on the size and value of the seized drugs (USD 332 million) which are intended for trafficking and which are regarded as one of the main predicate offenses that generate criminal proceeds, according to the preliminary results of the ML NRA. It is worth noting that the Anti-Narcotics Department managed to seize and confiscate the hazardous materials before being intended for

trafficking and for laundering their proceeds at a later stage. Therefore, the assessment team considers that the said Department was able to deprive criminals of their criminal proceeds and instrumentalities. However, it did not appear that authorities confiscated the proceeds of drug trafficking which have previously been intended for laundering, due to the weak parallel financial investigation (see IO.7).

267. Regarding assets relating to foreign predicate offenses, information provided by the country in this regard shows that the Jordanian judicial authorities received a decision from a US court that is ratified by Singaporean courts to transfer the title to/confiscate the funds of an international fraudster amounting to USD 50 million approximately in favour of a US company which has filed a lawsuit against him. Jordanian authorities took the necessary legal actions to transfer his share in a financial institution’s capital. Accordingly, the title to the shares was transferred to the US company with a view to selling them later. Otherwise, no other examples were provided about cases on the recovery of criminal proceeds that were moved or transferred from or to foreign countries, whether Jordan is the requesting State or the one required to implement. This indicates insufficient effectiveness in international cooperation in the implementation of funds or assets recovery procedures. In addition, no information was provided on the nature and results of the incoming and outgoing requests and their extent of connection with the main predicate offenses that generate criminal proceeds, according to the NRA (see IO.1).

**3.4.3 Confiscation of falsely or undeclared cross-border transportation of currency/BNI**

268. Jordan, through the Customs Department at various border points, confiscates funds that are transported without declaration or through false declaration. The figures examined by the assessment team in this respect remain insignificant compared to the region's use of cash in cross-border transactions given the geographical location of Jordan (near conflict areas).

269. Jordan applies the system of written declaration for funds transported across the border upon their entry into Jordan if their value exceeds the threshold determined by the Commission as per the model prepared for this purpose, estimated at JOD 15,000 (around USD 21.141). However, Jordan does not apply a declaration or disclosure system at exit. The law, furthermore, allows customs officers upon detection of non-declaration/false declaration to request additional information from the money holder about the source of the money and its purpose. In addition, the Customs Authority may notify AMLU through the provision of information obtained from the declaration process as well as the competent Public Prosecutor in the State Security Court in case they relate to TF case.

270. Article 21 of 2007 AML / CFT Law gave the Customs Department, in the case of non/false declaration of cross-border movable funds, the authority to seize such funds and refer them along with their holder to the Public Prosecution for suspected ML/TF activity. In this regard, it was noted that the Customs Authority took important steps as summarized in the following table:

<b>Table 3.4.3.1: Number of Non-Declaration Cases and the Value of Undeclared Amounts</b>				
<b>Year</b>	<b>Non-Declaration Cases</b>	<b>Value of Undeclared Amounts</b>	<b>False Declaration</b>	<b>Value of False Declaration</b>
2013	20	1,568,444 JOD	Unknown	
2014	20	4,426,415 JOD	Unknown	
2015	35	9,316,250 JOD	Unknown	
2016	28	4,908,192 JOD	2	31,834 JOD
2017	33	7,892,178 JOD	1	302,509 JOD

\*Information on false declaration for the period from (2013 to 2015) was not provided.

271. It is noted that the figures provided indicate instability or convergence in the value of undeclared amounts, especially for the year 2015, though Jordan did not provide any clarifications on this. Also, figures did not clarify the details of operations related to cash and those related to BNI’s or precious metals, although there are some practical examples and cases.

272. This Customs Authority efforts remains insufficient in terms of effectiveness in confiscating undeclared or falsely declared cross-border currency and BNIs given the disproportionate and non-dissuasive sanctions ordered, compared to the total seized amounts where the rate does not exceed at best 1.29 per cent, as illustrated in the following statistics:

<b>Table 3.4.3.2: Fines imposed in non-declaration cases</b>	
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Year	Non- Declaration Cases	Value of Undeclared Amounts	Value of Imposed Fines	Percentage
2015	37	9,364,150 JOD (around USD 13 million)	57,020 JOD (around USD 80,366)	0.61
2016	26	4,874,410 JOD (around USD 6.8 million)	63,027 JOD (around USD 88,832)	1.29

273. Despite the importance and significance of the above statistics with respect to the non-declaration of funds transported across the border when entering Jordan, they do not reflect the real threats posed to Jordan due to two factors. First, the geographical location of Jordan and the vast area of common borders with other countries considered as conflict areas that are witnessing a great activity of terrorist groups such as Daesh and al-Qaeda, as indicated by the preliminary results of the TF risk assessment, regarding the travel of persons carrying cash across the border for TF purposes. Second, legislative shortcomings whereby the law in force is limited to non-declaration cases at entry and excludes non-declaration at exit.

***3.4.4 Consistency of confiscation results with ML/TF risks and national AML/CFT policies and priorities***

274. As regards predicate offenses, and based on the statistics provided on the main predicate offenses that generate criminal proceeds (see analysis above) where confiscation or a financial penalty was ordered, it appears that the measures taken by Jordanian authorities are largely consistent with the country’s risk profile and its national policies and priorities in this regard.

275. Nonetheless, the confiscation of property intended for laundering or of property of equivalent value was not pursued as a criminal policy objective in Jordan and confiscation is not regularly applied by competent authorities in ML/TF offenses.

276. As regards the cross-border physical transportation of funds, although the preliminary results of the TF risk assessment referred to it as one of the most important TF risks in Jordan, the physical transportation of illicit funds upon entry or exit from Jordan was not reflected in the priorities of the national policies, in spite of the presence of objective indicators of its seriousness as a money laundering predicate offence or its direct contribution to terrorist financing.

277. The judgment models provided did not indicate that confiscation was imposed on legal persons or on those for whom the funds (third parties) were transferred or that an equivalent value was ordered.

**278. Overall Conclusions on IO.8: Jordan is rated as having a moderate level of effectiveness for IO.8.**

## CHAPTER 4: TERRORIST FINANCING AND FINANCING OF PROLIFERATION

### 4.1 Key Findings and Recommended Actions:

#### 4.1.1 Key Findings:

##### **Terrorist financing investigation and prosecution – TF offense (Immediate Outcome 9)**

- a. LEAs (particularly the GID) have a good understanding of TF risks, and the identified risks are consistent with Jordan risk profile.
- b. Insufficient human resources at investigative authorities, poor coordination among relevant authorities, and the poor quality of financial analysis conducted by AMLU
- c. The GID has investigators specialized in financial investigation, and coordinates with other local and international bodies and corresponds with financial and non-financial institutions to identify the TF offence. Enhanced human resources and improved financial analysis by AMLU would further strengthen GID's ability to identify and investigate TF.
- d. GID referred 29 suspected TF cases to the judiciary that issued 24 convictions which is largely consistent with Jordan's risk profile, although efforts could be made to strengthen and increase the pursuit of TF prosecutions and convictions .
- e. The GID is regularly conducting parallel financial investigations and is pursuing TF crime in parallel with terrorism crime to inflict more severe sanctions on perpetrators, but other agencies involved in TF prosecutions, including the prosecution service and State Security Court, are less aware of the importance of pursuing TF investigations and prosecutions.
- f. Jordan has made some efforts to integrate investigations into its national strategies. As a result, some legislative amendments have criminalized the use of information systems to finance and support terrorism, However, these efforts need to be strengthened and sustained.
- g. Verdicts issued by State Security Court in the field of TF offenses regarding custodial sanctions against natural persons are dissuasive and proportionate.
- h. Jordan applies other criminal justice measures in the event that conviction for the TF offence is not possible. These measures are effective and proportionate.

##### **Implementation of TF related TFS without delay, and non-profit organizations (NPOs) (Immediate Outcome 10):**

- a. Technical committees in charge of implementing TF related TFS do not include in their membership all the stakeholders. They also do not disseminate UNSCRs lists without delay, and do not have a mechanism to circulate such lists to all DNFBPs (except late circulation to real estate offices).
- b. FIs rely on private means and commercial data (private databases) to verify their customer databases against lists of designated individuals. Yet, FIs do not systematically implement UNSCRs without delay, even though some of them and especially banks, insurance companies and financial lease companies have a sufficient understanding of their obligations on implementing TFS without delay.
- c. The supervisory and regulatory authorities of the financial sector possess a good knowledge on how to ensure compliance with TFS, but with the exception of DLS, there is a lack of knowledge among DNFBP supervisors.
- d. Inspectors of CBJ and JSC examine the use of the UNSC lists and submittal of appropriate reports. However, there are no measures or sanctions in place, and appropriate focus is not given to verify this fact.
- e. Jordan designated 13 individuals on the domestic lists in implementation of UNSCR 1373. Such designation was not disseminated until the end of the on-site visit.
- f. Jordan has not yet conducted TF risk assessment related to the NPOs sector in terms of the nature of organizations, objectives, activities, possibility of being misused for TF purposes and adequacy of the legislation governing this sector. It also did not identify the subset of the NPOs that fall under the definition of FATF. This has affected Jordan understanding of NPOs' TF risks.

- g. Jordan classified 153 NPOs as most vulnerable to ML/TF risks based on a statistical analysis based on the value of revenue rather than on the FATF definition.
- h. Jordan confiscated limited amounts of proceeds and property belonging to terrorists and considering the country's location near conflict areas, the instrumentalities used in terrorism and TF crimes which were confiscated by virtue of court judgments remain weak and inconsistent with the risks, in terms of number, type and value.
- i. The implementation of targeted financial sanctions on combating TF by FIs and DNFBPs in Jordan is not consistent with the country's TF risk profile. The absence of a good and consolidated understanding of TF risks among supervisors of NPOs resulted in the absence of an effective implementation of the risk-based approach in this sector.

**Proliferation Financing (Immediate Outcome 11):**

- a. The Permanent National Committee for the Implementation of UNSCRs monitors the implementation of UNSCRs relating to combating proliferation financing (PF) However, no clear competences have been determined to this end, and it does not include in its membership all stakeholders.
- b. Absence of effective national coordination and cooperation among the various entities concerned with the follow-up of the implementation of the relevant UNSCRs.
- c. Supervisory authorities have not issued instructions and guidelines and have not established mechanisms to implement the relevant TFS, nor do they monitor the entities under their supervision in this regard.
- d. UNSCRs on combating PF are not implemented effectively and without delay by all national bodies, financial institutions, and DNFBPS, and this is due to the absence of necessary procedures, instructions or mechanisms.
- e. Despite the efforts of the Customs Department to inspect ports and implement procedures in accordance with the circulars of the MOFA, the Authority's understanding of the risks of the UNSCRs obligations on combating the PF, including the evasion of sanctions, remains limited.
- f. FIs and DNFBPs' understanding of the TFS system in relation to PF remains very weak.
- g. Despite the establishment of the Committee on Export and Re-Export of Dual-Use Goods in the MITS, its role remains ineffective in the implementation of the relevant UNSCRs.

**4.1.2 Recommended Actions**

**Immediate Outcome 9**

- a. Jordan should share LEAs' understanding of TF risks with all the other stakeholders.
- b. Enhanced training should be provided periodically to the competent judicial authorities responsible for prosecuting TF crime, in order to enhance their capabilities and capacities in this area.
- c. Enhance human resources at authorities concerned with combating terrorist financing LEAs should develop the feedback provided to AMLU in order to improve the quality of financial analysis of TF SARs to ensure LEAs' ability to use financial intelligence to develop evidence through the financial analysis of potential TF cases.
- d. Jordanian authorities should continue their efforts to investigate and prosecute TF, both alongside terrorism cases and as a standalone offence, to ensure that TF is pursued in all relevant cases Judicial authorities should prioritize international judicial cooperation in TF cases with other counterparts taking into consideration surrounding risks especially with unstable neighbouring countries.

**Immediate Outcome 10**

- a. Supervisory authorities of FIs and DNFBPs should monitor implementation of TFS to combat TF and impose appropriate sanctions against non-compliant entities.
- b. Jordan should:
  - Assess the TF risks in the NPO sector and identify NPOs most vulnerable to TF abuse;
  - Implement mitigation measures consistent with identified risks and monitor their implementation; and
  - Actively engage with the NPO community to increase TF understanding and awareness of how to prevent TF.
- c. Jordan should effectively implement the resolution 1373 and update and disseminate the lists of terrorist

individuals and entities without delay.

- d. Technical Committees for the Implementation of the UNSCRs and other competent authorities should identify all parties not represented in such Committees and establish mechanisms that would ensure the dissemination of the lists without delay and consider using modern tools for dissemination.
- e. Jordan should enhance understanding and awareness of all concerned authorities concerning the implementation of UNSCRs obligations, related to terrorism and TF, and organize training workshops.
- f. Technical Committee and supervisory authorities should prepare guidelines to clarify the mechanisms of implementation of UNSCRs and raise awareness of FIs and DNFBPs through organizing training workshops.

#### **Immediate Outcome 11**

- a. Permanent National Committee for the implementation of UNSCRs should establish working mechanisms and procedures to ensure the implementation of PF UNSCRs without delay.
- b. Jordan should expand its TFS obligations to include DNFBPs and other concerned parties.
- c. Permanent National Committee and supervisory authorities should:
  - Issue the necessary guidelines that specify the obligations of the entities subject to its supervision regarding the implementation of UNSCRs related to combating PF,
  - Raise awareness among FIs and DNFBPs in relation to their obligations to implement the UNSCRs related to combating PF.
  - Review the mechanism used to disseminate UNSCRs related to combating PF to all FIs and DNFBPs to ensure that they are received by those responsible for the implementation thereof.
  - Issue the necessary instructions and mechanisms to enforce the supervision of FIs and DNFBPs to ensure the implementation of the obligations stipulated in the UNSCRs related to PF, and require corrective measures and/ or impose sanctions against violating institutions.
  - Seek to raise awareness of the relevant authorities, FIs and DNFBPs about the related UNSCRs through training courses and workshops in this area.

279. The relevant immediate outcomes considered and assessed in this chapter are IOs 9-11. The recommendations relevant for the assessment effectiveness under this section are 5-8.

#### **4.2 Immediate Outcome 9: (TF investigation and prosecution)**

280. The geographical location of Jordan, which is surrounded by countries experiencing a state of instability, war, and growing activities of terrorist groups (Syria and Iraq), plays a key role in the increased risk of TF, particularly through the physical transportation of funds across borders.

##### **4.2.1 Prosecution/conviction of types of TF activity consistent with the country's risk profile**

281. Jordan relies on courts specialized in terrorist cases, including prosecution and ruling according to law No. 17 of 1959 that promulgated the establishment of the State Security Court. The GID is considered as exclusively responsible for the investigation of terrorist cases, even though Law No. 24 of 1964 was general in assigning competences to undertake intelligence tasks and operations for Jordan's security and safety and to carry out the work and tasks entrusted to it by the Prime Minister. The law did not explicitly address its competence to undertake search and investigations of terrorist offences.

282. Although TF NRA has not been completed, it is possible to confirm that the GID (the Department) has a good understanding of the domestic TF risks, based on the geographical field data, considering that Jordan is surrounded by a group of countries experiencing a state of armed conflict and instability. The assessment team noticed that the understanding of TF risks varies between the Department and other relevant authorities; which requires sharing this understanding with all these authorities.

283. According to this Department, the main TF risks are represented in the non-declaration of cross-border funds, remittances and transfers through exchanges houses, high number of refugees who conduct financial transactions with their relatives located in conflict zones and unauthorized money transfers. In addition to

the return of terrorist fighters from neighbouring countries which is associated with risks of self-financing of terrorism offences.

284. GID also reported that an important part of TF cases investigated and prosecuted included self-financing operations, either through the sale of certain movables or real estate (according to the authorities, and without giving out details of the case, one of the defendants sold his restaurant for JOD 3,000 (almost USD 4,200) to finance a terrorism act of his own) or by raising funds from relatives or members of the same terrorist group. Thus, in most cases provided by the country, it does not appear that significant amounts were used to finance terrorist activities. The case examples provided revealed that various forms of TF were pursued (cross-border transportation of funds, financing the travel of foreign fighters, financing terrorist groups in neighbouring countries, self-financing), which is consistent with the country’s risk profile. Below is one of these cases:

**Box 4.2.1.1: Terrorist Financing Case**

The case was related to TF included the provision of funds from one accused to another to facilitate his travel to GHAZA and Sinai Egypt in order to recruit him to join an armed terrorist group The court explained that one of the physical elements of the crime of recruiting people for the purpose of joining armed groups and terrorist organizations includes providing the necessary funds for this. The person was prosecuted in accordance with the provisions of paragraph (3) of Article (118) of the Penal Code and sentenced to 5 years in prison.

285. Jordanian authorities provided the following detailed statistic which reflects the measures taken by the GID and the State Security Court in combating terrorism and its financing:

<b>Table No.4.2.1.1: Size of total investigations that include financing for the period from 2013 to 2018<sup>17</sup></b>							
Year	Number of investigated suspects		Number of accused persons in cases referred to judiciary		Number of cases referred to judiciary		Number of cases which included a TF conviction
	Total	Financing	Total	Financing	Total	Financing	
<b>2013</b>	293	46	56	7	28	5	7
<b>2014</b>	313	52	102	6	66	3	4
<b>2015</b>	455	61	135	11	101	6	7
<b>2016</b>	1082	89	194	19	120	9	3
<b>2017</b>	355	87	183	9	97	6	3
<b>Total</b>	2498	335	670	52	412	29	24

286. The above table shows the number of persons suspected of terrorist financing during the period from 2013 to 2017. This included 335 suspected persons on the ground of carrying out suspicious financial transactions (the client received remittances from different persons in tension areas, customer confused while receiving remittances, the beneficiary's phone and address are linked to more than one transfer, conducting unauthorized transfer of funds by Jordanians and non-Jordanians, collecting funds through social networking sites, not declaring funds transported across borders, etc.), which explains the high number of persons suspected of TF and the low number of cases referred to the military court, knowing that the GID is always seeking to taking all precautions by expanding the scope of suspicion in TF and this is a precautionary measure used by the GID to follow up any activity that could lead to a terrorist act. It follows from the above that the follow-up of (29) cases on suspicion of TF is somewhat largely consistent with the country’s risk profile, but the assessment team had expected to see a higher number of TF cases pursued to prosecution, as the 29 cases does not reflect the entirety of Jordan’s efforts, as some TF cases are pursued as terrorism charges in order to obtain harsher penalties.

287. From the statistics provided by the military justice, there is absence of accurate data in the field of terrorist offences or terrorism financing, in terms of the nationality of perpetrators, or source of funds provided to them, if any.

288. This impedes the assessment of the effectiveness of the competent authority engaged in this field. The number of Jordanian fighters who joined the battlefields reached (1327) persons, of whom (326) returned

to Jordan, while a large number of them died in the battlefields, according to reliable intelligence information. Most of these fighters joined the fight through a third country as a result of tightened controls along the Jordanian border. The Jordanian authorities have taken a proactive approach in monitoring the movement of these fighters and their families across the border, especially the possibilities of transporting funds, in light of their expected return to Jordan. Based on the information provided for 11 cases the court ordered the conviction and imposed sanctions on various forms of acts that are legally defined as constituting the material element of TF offences, which included the provision of money to facilitate the travel of a person to join armed terrorist groups. In some other cases, the act of providing funds with the intention of using them to commit a terrorist act or to finance terrorism has been criminalized.

**Box 4.2.1.2: Case on providing funds for the purpose of financing terrorists**

A person has been tried on charges of providing funds for the purpose of financing terrorists in accordance with articles 3 (a) and 7 (c) of the Prevention of Terrorism Act. Where the accused provided the amount of JOD 1000 (USD 1410) to an individual to travel to Syria and join IS (Daesh). The court sentenced him to hard labour for three years.

**Box 4.2.1.3: Case on collecting, securing and transferring money to a terrorist group**

A defendant was charged with collecting, securing and transferring money to a terrorist group in accordance with the provisions of Article 3/b of the Prevention of Terrorism Act and in accordance with Article 24/3 of the Anti-Money Laundering and Terrorism Financing Act. Then, the legal description was changed to the crime of directly or indirectly providing or collecting or securing money for the purpose of committing a terrorist act or to fund terrorists, whether the act took place or did not take place, contrary to the provisions of article 3 (a) and 7 (c) of the Prevention of Terrorism Act.

The defendant was a member of a charity that receives financial support from individuals in neighbouring countries. He managed to collect 20,000 dinars and sent them as financial support to two terrorist organizations in a neighbouring country. He was sentenced to 4 years hard labour.

289. In addition to the inclusion of some examples on criminalizing the act of raising funds for the purpose of financing a terrorist group as mentioned below:

**Box 4.2.1.4 : case on collection and transfer of funds for terrorist groups**

The defendant was accused of a number of charges, including the collection and transfer of funds for terrorist groups in accordance with the provisions of Article (24/3) of the Anti-Money Laundering and Terrorism Financing Act and in accordance with Article (3/b) of the Prevention of Terrorism Act. The legal description was then amended to the provision of funds for the purpose of financing terrorists in accordance with Article (3/a) and (7 / c) of the Prevention of Terrorism Act.

The defendant collected money from his acquaintances and friends in Libya and sent them to terrorist organizations in Syria. He also smuggled people from Tunisia and Algeria to join terrorist organizations in Libya. He seized people's money, kidnapped them and demanded a ransom for their release. He was sentenced to seven and a half years hard labour.

290. Examples also included the criminalization of the act of payment of a sum of money to a smuggler for each smuggling operation of persons for the purpose of joining terrorist organizations.

**Box 4.2.1.5: Case on recruiting persons in Jordan for the purpose of joining armed groups**

The defendant was charged with recruiting persons in Jordan for the purpose of joining armed groups and terrorist organizations in accordance with article 118/3 of the Penal Code.

The defendant paid 500 dinars to a smuggler for every person he smuggled from Jordan to Syria to join terrorist groups.

The Court ruled that the provision of financial assistance (which includes funds to cover travel costs and the purchase of arms and ammunition or to cover the expenses of caring for the relatives of the terrorist) constitutes a material element of the crime of terrorism financing.

291. Most cases presented by Jordan relate to facilitating FTF travel and financing of terrorist groups in neighbouring and nearby countries, specifically in Syria and Iraq; which is consistent with Jordan's TF risks.. In view of the statistics provided on TF cases and the number of terrorist acts that have taken place in Jordan, it can be said that there is, in general, a consistency between the prosecuted TF cases and the country's risk structure. Nonetheless, the assessment team would have expected to see a higher number of TF prosecutions and convictions, including identified higher-risk areas such as cross-border cash movements or money exchange companies in accordance with the TF NRA findings.

#### **4.2.2 TF identification and investigation:**

292. According to both legal data and practice, the TF investigations are mainly related to investigations of terrorist cases which are handled by the GID in accordance with the provisions of Article 8 of Law No.24 of 1964, "General Intelligence Law". The GID exclusively leads investigations in the field of terrorism without actual interference from other LEAs.

293. Based on the interviews conducted by the assessment team and the statistics provided, it appeared that the GID practices its competence mainly to identify and investigate terrorism cases, and it appears that its role in the identification and investigation of TF activities remains comprehensive and sufficient, as it regularly monitors any suspicious financial activity and follows up the financial operations by communicating with financial and non-financial institutions and verifies the suspect's background, biography and activity on social media and any information available about them in GID database and at any counterpart unit. The following case serves as evidence on the scope of the investigation and the financial analysis conducted by the GID to determine the TF offence when examining cases brought to its attention:

##### **Box 4.2.2.1: Case on the scope of the investigation and financial analysis conducted by the GID**

During the interrogation of one of the extremist persons, the financial investigators began, as part of a routine procedure, to conduct their financial investigations; inquiries were sent to banks and credit card companies through the prosecutor of the State Security Court, as well as directing human resources at exchange companies to verify whether the main suspect has executed or received any remittances. The results of the financial investigations showed the absence of any accounts belonging to them at Jordanian banks. However, it was found that they had sent a series of transfers to one of the governorates in the south of Jordan to the benefit of one person (a second suspect). During the investigation of the main suspect, they claimed that the transfers represent humanitarian contributions.

GID investigations revealed that the second suspect was in contact with one of the extremists before leaving to fight abroad. The technical and intelligence investigations confirmed that the two persons were involved in financing the travel of Jordanian fighters abroad. While interrogating them, they denied having carried out any suspicious activities. When confronted with the results of the financial investigation, they admitted that they were financing the travel of fighters to tension areas.

The results of the financial investigation showed that the second suspect had a prepaid card registered in their name and was used to pay the value of purchases over the Internet; it was loaded from time to time at one of the bank's branches in southern Jordan. Pursuant to the technical follow-up through the IP address, it turned out that the card was being used by another person in another province to purchase electronic services (servers and programs). It also turned out that the latter was running a site on the Internet to promote radical thinking.

Subsequently, the suspects were referred to the judiciary and convicted on charges of TF and for supporting and promoting radical organizations.

294. The GID and the State Security Court mentioned that it is difficult to separate between cases of terrorism and its financing, considering that terrorist financiers are basically supportive of radicalism; therefore, the sanction against them would be more stringent. In addition, the aim of terrorist financing is usually to carry out a terrorist activity, which confirms the fact that TF cases are not separately pursued, from the country's point of view. Yet, it was noticed that judicial authorities have pursued some TF offenses separately, without being associated with a terrorist activity given that the statement of cases for

2017 included a case on raising and securing funds for the purpose of using them to finance terrorists, where (6) persons were sentenced to prison for (5) years), in addition to the confiscation of jewellery, cash, 3 apartments and a plot of land.

295. Regarding cooperation on combating terrorism and its financing, the GID provided the following statistics as supporting evidence of domestic coordination in TF investigation and prosecution, namely with the AMLU. It stated that there are liaison officers at the Intelligence Services who are cooperating with the AMLU, thereby confirming that it relies on liaison officers specialized in financial investigations and seeks the assistance of experts from the AMLU, as needed to support the on-going investigations, whether by establishing or denying the suspicion of using the formal financial sector, which makes the GID focus on the other aspects of financial investigations, until the suspicion is proven or denied.

<sup>18</sup>Table No.4.2.2.1: Table showing how to identify TF cases

Year	AMLU	Intelligence sources	Investigating terrorism (parallel financial investigation)	Counterparts	Local parties	Total number of persons investigated for suspected TF
2013	--	31	9	1	5	46
2014	1	24	17	3	7	52
2015	8	37	13	--	3	61
2016	18	45	16	4	6	89
2017	2	57	19	5	4	87
<b>Total</b>	<b>29</b>	<b>194</b>	<b>74</b>	<b>13</b>	<b>25</b>	<b>335</b>

296. The assessment team reviewed statistics provided by the GID showing that it has been conducting parallel financial investigation on a regular basis, in light of the number of requests addressed to financial and non-financial institutions (at the request of the GID, the statistics were not included in the MER for confidentiality purposes); however, while GID actively conducts parallel financial investigations, the public prosecutor who has the jurisdiction over TF cases and the State Security Court do not sufficiently carry out parallel financial investigation on TF when they are investigating terrorism crimes. This hinders any possibility to detect TF cases or relevant TF participants

297. Except for the efforts made by the GID that has proven effective in combating TF through international cooperation (see IO 2), the limited cases referred by AMLU on suspected TF as shown in the table above is due to the poor understanding of TF risks, especially at the level of the financial sector (see IO 4 and 6). As a result, GID was unable to benefit from additional cases referred by AMLU. The above table shows that the GID was able to identify a total of 38 suspected TF cases owing to cooperation with counterparts and local authorities between 2013 and 2017.

298. AMLU identifies the TF offences through SARs and notifications it receives. However, the statistics provided confirm the ineffectiveness of this role due to the decrease in the number of notifications and SARs and their poor quality, in addition to low number of referrals to the prosecutor (16 SARs during 2014-2017 which resulted only in 2 verdicts, one of which was a conviction and the other dismissal of the case).

299. AMLU has referred a number of cases on suspicion of TF to the Public Prosecutor of the State Security Court. However, the absence of judicial verdicts of conviction raises some questions in relation to the quality of the investigation or other issues relevant to the quality of the AMLU analysis (see IO.6). This is illustrated by the following statistical statement:

<sup>18</sup> Information provided by Jordanian authorities during the second face-to-face meeting



<b>Year</b>	<b>Number of referrals from the AMLU</b>	<b>Number of Convictions</b>	<b>Number of acquittals / dismissals</b>
<b>2014</b>	8	-	1
<b>2015</b>	7	1	-
<b>2016</b>	1	-	-
<b>2017</b>	0	-	-
<b>Total</b>	16	1	1

300. The table above shows the low number of referrals to the competent public prosecutor compared to the risks and threats posed by TF offences in the country and its decline to zero in 2017. In addition, to the fact that the State Security Court issued only one conviction in a case related to the attempt to join terrorist groups and organizations in conflict areas (without rendering a verdict on the person concerned with the TF offense) out of a total of 16 cases referred in 4 years.

301. This situation was explained by the judiciary as being due to the absence of the element of proof in reports of AMLU, especially during the years 2014 - 2015. It appears that the competent public prosecutor is not conducting further investigations and mainly relies on the AMLU analysis and the information set out in the disseminated SARs. Concerning the State Security Court, it made it clear that the decline in the number of referrals in 2016 - 2017 could be explained in the fact that AMLU officials are more aware of the necessity of carrying out further investigations before referring the case in order to provide the required quality with respect to the element of proof.

302. The assessment team considers that the other reasons of weakness in identifying and investigating TF offenses include the lack of human resources at investigative authorities which handle TF cases, including AMLU that requires improvements to help ensure that all relevant TF suspicions are identified, investigated, and where appropriate, prosecuted. Yet, the GID has proved its effectiveness and ability to identify TF crimes (see the analysis in the 1st core issue) as it falls within its competence primarily to identify and investigate TF offence and the GID is doing so through financial investigations carried out regularly through (30) competent officers that are certified CAMS specialists and in some cases by relying on financial experts from AMLU.

303. Although authorities provided some statistics, the assessment team notices that the judiciary does not maintain any statistics in relation to the sentences relating to TF offences, which was confirmed by judges that they remain minimal in their estimation in view of the field data, most importantly difficulty of proof, and the fact that most perpetrators of terrorist operations are killed, thus not allowing the determination of their financiers.

**4.2.3 TF investigation integrated with –and supportive of- national strategies**

304. As mentioned in IO1, Jordan has an AML/CTF national action plan (2015-2017) prepared based on the outcomes of the first Mutual Evaluation conducted in 2009, and a national counter terrorism action plan (2017-2019) adopted as an integral part of the security system that is continuously updated in light of evolving criminal practices. .

305. Jordan made some efforts to integrate the investigations in its national strategies. On this note, it is worth mentioning that Jordan analysed the outputs of TF investigations in 2014, and it was found, accordingly, that it is necessary to criminalize the financing of terrorists (including the financing of foreign terrorist fighters). It was also realized that the Internet was used to facilitate the financing of terrorist groups. Based on this analysis, Jordan adopted a legislative amendment of the law on the suppression of terrorism for 2014, by amending article 3 thereof which considered that the provision, raising or securing of funds to finance terrorists is a terrorist act (paragraph (a) of article 3). Paragraph (h) was also added to article 3, whereby the use of information systems to finance terrorist acts, or support a group, organization or association that carries out terrorist acts is criminalized. Article 7 was amended, by criminalizing the

<sup>19</sup> Information provided by Jordanian authorities during the second face-to-face meeting

conspiracy to carry out terrorist acts, including terrorist financing and by establishing a sanction that is equivalent to the sanction imposed on the perpetrator himself.

306. It is clear from the following examples that the GID has integrated the investigation of TF cases with the national investigations of terrorism cases, which led to the identification of terrorist individuals and networks in addition to deterring terrorist plots:

**Box 4.2.3.1: Examples of how to use financial information to uncover terrorist networks and thwart their plans**

Intelligence received early 2018 on the existence of suspicious financial activity pertaining to a person, who sold their property and communicated with a radical group with whom they had a recent friendly relationship. Investigations revealed that they and the group with whom they communicated sent simple amounts of money through informal remittances to a newly formed radical faction in Syria. Investigations conducted with the rest of the group, identified the whereabouts of the members of the faction and the organization with which they are associated; as such, those involved were referred to the judiciary on charges of collecting, securing and transporting funds to a terrorist group (the case is still pending).

Intelligence received on the existence of suspicious financial activity pertaining to a person having a radical ideology, revealed that they borrowed money from their relatives. By conducting investigations and financial investigations by communicating with banks and exchange companies operating in the Kingdom, it was found that they did not engage in any financial activity through the financial sector. Investigations revealed that they had provided financial support to a group having extremist ideologies as they were tied to them. Further investigation has shown that this group is planning to carry out terrorist acts in Jordan; all involved in this scheme were arrested and referred to the judiciary and charged the suspected person for TF (the case is still pending).

As part of GID investigation of a person arriving in Jordan and arrested in possession of an undisclosed sum of money and the circumstances surrounding their suspicion, it turned out that they were assigned to deliver money to one of the extremist individuals in Jordan, where authorities were able to identify the individual; the investigation showed that the latter was planning to carry out a terrorist act in Jordan.

**4.2.4 Effectiveness, proportionality and dissuasiveness of sanctions**

307. According to the examples above (refer to above boxes) and the statistics below, it appears that proportionate, effective and dissuasive custodial sanctions were reasonably applied (3 to 15 years), considering the possibility of combining terrorist activity with TF activity in one case, which might result in the application of more severe sanctions.

**Table 4.2.4.1: Table showing the sanctions for TF cases during the period from 2013 to 2017<sup>19</sup>**

Year	Number of cases which included a TF conviction	Judgments rendered	Remarks
2013	7	They included imprisonment sentence for periods that ranged between (6-10) years and the confiscation of seized items, including (11) vehicles.	
2014	4	They included imprisonment sentence for periods that ranged between (4-8) years and the confiscation of seized items, including (6) vehicles.	Sometimes it was taken into account that the accused is in the prime of youth and to give him an opportunity for reformation.
2015	7	They included imprisonment sentence for periods that ranged between (3-9) years and the confiscation of seized items, including (2) vehicles.	The sentence rendered on a case was reduced to (3) years due to the health condition of the accused.
2016	3	They included imprisonment sentence for periods that ranged between (6-15) years and the confiscation of seized items, including the amount of USD 980,000, in one of the cases.	<u>A (15) year prison sentence was rendered in view of the seriousness of the terrorist act committed in connection with the case.</u>
2017	3	They included imprisonment sentence for periods that ranged between (5-15) years and the confiscation of seized items, including jewels, 3 apartments and a plot of land in one of the cases.	

308. It appears from the above table that the Jordanian courts issued financial sanctions and ordered confiscation in 24 cases in five years, where seized items were confiscated, including (19 vehicles), jewelry, apartments, a plot of land and the amount of (980) thousand dollars. While no convictions were ordered against legal persons, this is because most cases were limited to self-financing by natural persons who avoid the formal financial sector.

**4.2.5 Alternative measures used where TF conviction is not possible**

309. Jordan provided information and statistics in the table below indicating that a number of persons were given an ultimatum to leave Jordan and their number ranged between 5 and 34 persons, every year, during the period from 2013 to 2017. The total number of those persons reached 80.

**Box 4.2.5.1: Case of referral to the courts for an alternative charge (the support of terrorist organizations)<sup>20</sup>**

Intelligence information reported a suspicious activity undertaken by a person who was called for investigation by the GID. These investigations revealed that he was supportive of Daesh terrorist organization. By conducting financial investigations and analysis regarding the said person, by means of communication with banks and main agents of the remittance systems which are in effect in Jordan, through the public prosecutor of the State Security Court who is commissioned at the GID and by studying and analysing the responses through specialized intelligence officers, it was found that he sold a part of his property and claimed that he did so for trading purposes. Since his implication in a TF activity could not be established, he was referred to the courts for supporting terrorist organizations.

310. The following table shows the number of persons investigated for suspected TF and the alternative actions taken against them, since their conviction for TF could not be secured:

**Table 4.2.5.1: Table indicating the statistics on the alternative actions taken<sup>21</sup>**

Year	Number of persons who were given an ultimatum to leave Jordan		Number of persons referred to the General Security		Number of persons convicted of terrorism related cases for failure to establish their implication in terrorist financing
	Total	Suspected financing	Total	Suspected financing	
2013	16	16	5	5	7
2014	18	18	3	3	11
2015	5	5	10	10	6
2016	7	7	17	17	13
2017	34	34	10	10	9
<b>Total</b>	<b>80</b>	<b>80</b>	<b>45</b>	<b>45</b>	<b>41</b>

311. As regards persons who were given an ultimatum to leave Jordan for the country they wish to seek refuge as shown in the above table, the country indicated that this procedure concerns persons of foreign nationality for which a TF conviction was not possible; these persons were asked to choose the country they wish to leave as refugees, as Jordan is committed to the principle of non-refoulement of refugees. In such cases, intelligence coordination is done in advance with the country to which the person is deported and the deported person is sometimes the subject of a joint follow-up between Jordan and the country to which the concerned person is deported to.

312. **Overall conclusions on IO. 9: Jordan is rated as having a substantial level of effectiveness for IO.9.**

<sup>20</sup> Case provided during the second face to face meeting  
<sup>21</sup> Statistics provided during the second face to face meeting

### **4.3 Immediate Outcome 10 (TF preventive measures and financial sanctions)**

#### **4.3.1 Implementation of TFS for TF without delay**

313. On 4/7/2018, the National Committee for the Prevention of ML and TF approved Regulation No. 1, 2 and 3 of 2018 concerning the implementation of the obligations of Security Council resolutions 1267/1999, 1989/2011, 2253/2015, 1988/2011 and 1373/2001. Article 7 of each of the said regulations stipulates that when the name of an individual or entity is included in the sanctions list, the name of any of them shall be posted on the technical committee's website and circulated to the supervisory and monitoring bodies that would in turn notify FIs and DNFBPs subject to its control and supervision to take the necessary measures to freeze the assets or economic resources of the listed persons and entities and / or the funds of persons, entities, groups or institutions acting on their behalf or for their own benefit or at their direction. Dissemination is also made to security and administrative authorities and any other stakeholder in order to take the freezing measures.
314. The instructions for banks and other financial institutions require that they comply with the immediate implementation of the obligations contained in relevant and enforceable international resolutions, including all resolutions issued under Chapter VII of the United Nations Charter, once they receive the sanctions lists communicated to them through the competent supervisors, including the Central Bank of Jordan; however this does not ensure the immediate implementation of the obligations set out in the UNSCRs, considering that banks and FIs are required to implement TFS once they receive sanctions lists through supervisory and monitoring bodies and not on their own motion, especially through the direct access to the sanctions lists in order to apply TFS without delay.
315. MOFA has a technical committee concerned with the receipt of the UN lists, known as " Technical Committee for the Implementation of Security Council Resolutions". It is composed of the MOFA and the membership of 10 other authorities. Although the legal framework of this Committee was originally established in 2010, it was amended by issuing new instructions (No.1/2/3) on 4/7/2018 (during the onsite visit) for the implementation of Security Council Resolution, which did not enable to determine the effectiveness of the new instructions, given that the new instructions issued in 2018 added some powers and tasks to the Technical Committee and its representative bodies, namely with respect to the implementation of Security Council resolution 2253 of 2015 and the identification of persons proposed for designation on the sanction lists without requiring the existence of criminal proceedings against them and demanding that the entities represented in the Committee provide information, documents and data held by the bodies they represent for the purpose of implementing the provisions of the new instructions, including those necessary to determine whether an individual, entity, group or institution meets the criteria for designation.
316. According to the Technical Committee instructions, it should meet at least every three months and when needed and coordinate with the security, supervisory, and administrative authorities and any other authorities to implement the provisions of the instructions issued by the NAMLTFC as set out in Instructions 1, 2, 3 of 2018, but the minutes of meetings indicate that the meetings are held at spaced intervals<sup>16 22</sup> and not after or immediately upon the issuance of the UN lists or upon the update of the said lists, which affect the effectiveness of the implementation of the obligations set out in the UNSCRs in terms of circulating the sanctions lists to stakeholders in a timely manner and without delay.
317. By taking into consideration the frequency of issuing the UN lists and their continuous updates, the assessment team expresses its concerns about the implementation of the sanctions by the relevant authorities without delay, as indicated below.

#### **UNSCRs 1267/1988 (and successor resolutions)**

318. According to Jordan, the Technical Committee receives the lists from the Permanent Mission of Jordan in New York, and circulates them, within 24 hours, using fax and emails followed by formal letters,

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<sup>22</sup> Since June 2014 to July 2018, the technical committee held 6 meetings, including one during the on-site visit, two during 2014, one during 2015, none during 2016, two during 2017 and one during 2018

to the member authorities of the Technical Committee and request them to circulate such lists to the entities subject to their supervision or/and control (FIs and DNFbps) and provide feedback on any actions taken.

319. There are many other entities/stakeholders that are not member of the Technical Committee but should be informed about the lists circulars such as (MITS that supervises the insurance sector, Bar Association that supervises lawyers and the Jordanian Association of Certified Accountants that supervises accountants). Therefore, these entities are not informed of the UN lists. This vision was confirmed through the discussions held with the stakeholders and the private sector.
320. Practically, three (3) Jordanians were designated under Resolution 1267 and subsequent resolutions, as such three bank accounts were frozen, and total frozen balance was (USD 908.55) and (JOD 1377-approximately USD 1940).
321. Some banks have been taking freezing measures before CBJ disseminated the UN lists. This indicates that the dissemination mechanism used by the technical committee does not allow the circulation of lists to all FIs and DNFbps without delay, given that this is linked to the communication of sanctions lists through the monitoring and supervisory authorities; which inhibits the implementation of financial sanctions related to terrorist financing, in consistency with the international standards.
322. Moreover, Jordan did not submit a unilateral proposal to the UN committees. This is not in line with the risk profile of Jordan, especially given its geographical location close to terrorist groups, in addition to the risk of FTFs. Jordan did not receive a designation request nor did it submit one to other countries. (see IO 9). However, the authorities indicated that Jordan co-sponsored the inclusion of individuals and entities on the sanctions lists during its presidency of the Security Council for 2014 and 2015, however, the assessment team was not provided with any documents or correspondences relating to the role of Jordan in this regard in order to determine its effectiveness.
323. CBJ issued instructions to banks, exchange companies and financial leasing companies for implementing UNSCRs. Even though CBJ uses emails to circulate UN lists, there are delays in circulating such lists to them as shown in the following table:

<b>Table 4.3.1.1: Time period for circulation of UNSCRs lists</b>			
<b>Date of Resolution</b>	<b>Receipt by Technical Committee</b>	<b>Receipt by CBJ</b>	<b>Receipt by FIs</b>
13/3/2018	22/3/2018	25/3/2018	4/4/2018
23/2/2018	23/2/2018	11/3/2018	11/4/2018
10/2/2018	15/2/2018	18/2/2018	21/2/2018

324. The above table shows, clearly, a delay in the dissemination of UNSCRs by CBJ. It indicates that the circular takes around 3 to 30 days (average of 26 days) to reach FIs under CBJ supervision. This is a major obstacle to the implementation of UNSCRs (refer to Rec 6), given that FIs, namely banks, are not required to access the sanctions lists on their own motion, in order to apply targeted financial sanctions without delay. This resulted in institutions implementing their obligations to varying degrees, where some of them indicated during the onsite visit that immediate freezing measures may not be taken before receiving an official circular from the CBJ, for fear of any legal liability or legal prosecution, while others reported that they fulfil their obligations and do not wait for the circulation of UNSCRs by CBJ, but rely on special means and commercial data (private databases) to verify their customer databases against lists of individuals designated on the UN Sanctions List.
325. Regarding FIs under the supervision of JSC, lists are disseminated to the Securities Depository Center which holds a register of all the customers of companies and is the authority in charge of making a freezing annotation on the accounts of the concerned persons, but the delay in receiving the lists from the technical committee does not guarantee the immediate implementation of the freezing actions by the said Center.
326. MITS (the supervisor of insurance companies) is not a member of the Technical Committee. Hence, according to the procedures adopted by the Technical Committee, the Ministry does not receive the lists

circulations. This may cause the inability of tracking the lists by insurance companies.

327. With regards to DNFBBs, gold and jewellery dealers do not receive the United Nations lists despite the membership of the MOI (the supervisory authority of gold and jewellery dealers) in the Technical Committee for the Implementation of UNSCRs. As to real estate agents who were interviewed, they indicated that they did not receive the lists for the implementation of sanctions, despite the fact that DLS (regulatory agency of real estate agents) stated that it circulates the lists by regular mail. The same applies with respect to interviewed law firms that do not receive circulars from the Bar Association regarding the implementation of TFS.
328. As to the role of supervisors, inspectors of CBJ and JSC usually check, during inspections of banks and brokerage firms, whether these banks and firms implement the UNSCRs lists as required, and whether they provide appropriate reports and SARs upon violation, and have the power to impose fines and sanctions; however,, there are no sanctions imposed in this regard, and the CBJ and JSC have not presented any practical cases on the matter. For its part, DLS has a good understanding of the requirements for the implementation of relevant TFS, yet, there is a lack of knowledge of this matter among other supervisory bodies, particularly supervisory authorities of DNFBBs. Based on the above, there is a concern about the varying level of effectiveness in the supervision and oversight field, and about the weak guidance concerning TFS in general.

***UNSCR 1373 (and successor resolutions):***

329. As mentioned in Recommendation 6, Jordan has the legal framework to implement UNSCR 1373. On the other hand, the Jordanian authorities have designated 13 Jordanian nationals in accordance with resolution 1373/1723, but the names were not disseminated to subjected entities as at the end of the on-site visit. The assessment team found that 4 persons among those designated by the Jordanian authorities had been already designated under resolution 1267.
330. The foregoing indicates that Jordan has not made significant use of designations, which is not consistent with its risks, namely the risks posed by FTFs, given that it designated 13 individuals on its own motion, before launching the assessment process and the lists of the designated persons were not disseminated, which inhibits the implementation of sanctions effectively and consistently, particularly in the absence of guidance on how to implement the obligations mentioned in UNSCR 1373.
331. It is worth noting that Jordan has not proposed any names to another country under resolution 1373, nor has it received any listing requests from other countries.
332. Despite the availability of a legal framework, Jordan has practical difficulties in implementing UNSCRs relating to terrorism, despite risks faced by Jordan, which are mainly related to its geographical location.

**4.3.2 Targeted approach, outreach and oversight of at-risk non-profit organizations**

333. According to article 16 of the Constitution, Jordanians have the right to form and join organizations. It is one of the most important components of civil society organizations in Jordan. The number of NPOs in Jordan is 5735, supervised by 13 competent ministries depending on the nature of the NPO's activities, out of which 62% are charities that fall under the umbrella of the MSD. It should be noted that the MSD only grants licenses and there is no coordination between the Ministry and other ministries.
334. The Jordanian authorities have not yet completed the TF risk assessment for the NPO sector until the date of the on-site visit. This was indicated during the interviews conducted by the assessment team, which negatively affects the understanding of the concerned authorities and their identification of TF risks related to organizations and the methods and trends of their exploitation for TF activities, which negatively impact

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<sup>23</sup> Subsequent to the on-site visit, Jordanian authorities stated in writing that the JSC circulated the national list to the Securities Depository Center on 22/11/2018, whereas the money exchange supervision department circulated the list to exchange companies on 2/9/2018, yet it is not clear whether all other supervisory and monitoring bodies have circulated the lists to the entities subject to their supervision and the date of doing so.

the measures taken to protect the sector from exploitation by terrorists, terrorist organizations and terrorism financiers.

335. In addition, the Jordanian authorities have not identified the subset of NPOs that fall under the definition of the FATF (see Recommendation 8). This has led the MSD to classify 153 NPOs as high risk. The Ministry based its classification on the value of revenues of NPOs, irrespective of their activities and the extent of their collection or distribution of funds.

336. The following table lists competent ministries supervising associations classified high risk (according to the value of revenues), and their number is 153 out of 5735 associations, which means that they account for approximately 3% and most of them (72%) are subject to the supervision of the MSD as a competent ministry. The MSD or the other concerned ministries did not submit any information indicating that measures were taken towards the classified and supervised associations in order to reduce their potential misuse for TF, especially through continuous engagement and outreach, monitoring and review, and the collection of information, especially through security and financial authorities.

<b>Table 4.3.2.1: Number of high risk NPOs and their ministries</b>	
<b>Ministry</b>	<b>Number of Organizations</b>
MSD	109
Ministry of Culture	15
Ministry of Health	8
Ministry of Political and Parliamentary Affairs	5
MOI	4
Ministry of Environment	4
MOAIAHP	3
MCIS	2
MOJ	1
Ministry of Tourism and Antiquities	1
Ministry of Agriculture	1
<b>Total</b>	<b>153</b>

337. Jordanian authorities did not assess the remaining NPOs considered moderate and low risk (according to revenues). Jordan has classified NPOs to 3 groups according to their total revenue so that it can identify the subset and identify organizations referred to in the table above.

<p><b>Box 4.3.2.1: Statistical analysis of the organizations’ data in AML/CFT system</b></p> <ul style="list-style-type: none"> <li>- <b>1<sup>st</sup> Group:</b> Organizations with revenues equal to or less than JOD 1,000 (almost USD 1410) (low revenue and high frequency), which are extreme values.</li> <li>- <b>2<sup>nd</sup> Group:</b> Organizations whose revenues are less than JOD 300.000 (almost USD 423.000) and more than JOD 1000 (almost USD 1410) (average revenue and moderate frequency), which is the intended sample.</li> <li>- <b>3<sup>rd</sup> Group:</b> Organizations whose revenues exceed JOD 300.000 (almost USD 423.000) (high revenue and low frequency), which are extreme values.</li> </ul>
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338. It is clear from the methodology used to classify the degree of risk of NPOs as being mainly and solely dependent on the total revenue of each organization. The methodology neglects many criteria that affect the degree of risks such as the nature of the activity, geographical location and scope of service delivery. Hence, the application of this methodology does not adequately highlight the NPOs that are at-risk. In addition to the failure to take focused and proportionate measures towards NPOs that have been identified as being most vulnerable to terrorist financing abuse.

339. Jordan has prepared a risk-based plan for monitoring NPOs, a draft document on national policies that outlines the roles and responsibilities of the competent authorities, and an executive plan for AML / CFT for the NPOs sector, all of which have not yet been implemented. However, the authorities concerned with

monitoring and supervising NPOs in Jordan did not study the sector in terms of determining the nature of the NPOs, their objectives and activities, the extent to which they are likely to be exploited for TF purposes, and the adequacy of the legislation that governs this sector based on TF risks and taking into considerations the geographical location of Jordan and the physical transportation of funds across borders or through modern means and techniques (refer to IO 1). Furthermore, Jordan is in the process of identifying vulnerabilities and threats in the sector to establish a risk rating but it has not yet been completed until the end of the on-site visit, and therefore no results have been shared with the supervisory sectors to take them into consideration.

340. It should be noted that Jordan reported that the NPO sector was not exploited for TF purposes, but its classification as low risk (refer to IO 1 and recommendation 8) does not consider factors such as the size of the sector and poor supervision. Noting that in one of the case studies pursued by security services involving financing a terrorist organization by a member of a charity association who collected funds for this organization (see box 4.2.4). This indicates a potential misuse of the NPO sector for TF purposes, contrary to what was reported by the authorities in this regard.
341. MSD conducts onsite visits to NPOs subject to its supervision but there is no indication of adopting a risk-based approach to supervision<sup>24</sup>, in addition to the absence of a study of TF risks in the sector. The National Registry of Societies at the MSD provided 6 reports for the onsite inspection. The report includes 14 items that provides an overview of the organization (preliminary information, the objectives of the organization as stated in the statute, membership and meetings, branches of the organization, service centers, benefit from the services of the organization, wage employees at the organization, projects, sources of domestic and foreign revenues, agreements, centers and institutions affiliated with the organization, violations committed, challenges). This report is important for collecting information and identifying organizations, but it is insufficient in terms of identifying TF risks, and combating the exploitation of the sector for this purpose.
342. In addition, it does not appear that the mechanisms used to classify high-risk NPOs, whether by the MSD or other relevant authorities, are based on sound objective grounds. On this note, the MOI explained that the four NPOs which are subject to its supervision are not considered high risk, according to the on-site visit it made to these NPOs; while the same NPOs were ranked high risk by the MSD. This confirms the weak unified understanding among all Jordanian authorities of the risks of exploiting the NPO sector for TF. It also indicates the absence of coordination between the MSD and other ministries concerned with the supervision of NPOs.
343. It should be noted that Jordan prevents NPOs from benefiting from external funding only after obtaining the approval of the Council of Ministers (according to the Law of Associations), which has occurred in 665 cases since 2016.
344. There are no instructions issued by the MSD or other relevant ministries in relation to combating TF in the sector. However, there are procedures requiring NPOs to keep financial records so as to enhance transparency and trace funds. It is worth noting that other measures were in place to mitigate risks, including, for example:
- Obligation to maintain all administrative and financial records that document the works and activities of the NPO.
  - Mandatory existence of a database of beneficiaries of aids.
  - Attach all documents related to the financial transactions to verify the integrity of the financial process, upon payment of financial claims.
  - Preparation of lists of beneficiaries of the services of the NPOs and distribution of aid with the knowledge of the MSD when the funds are from foreign sources.
  - It's not allowed to initiate financial transfers between NPOs, given that each NPO has an independent

<sup>24</sup> Subsequent to the on-site visit, MSD clarified that it has prepared an action plan to monitor associations by applying the risk based approach, and accordingly, it will conduct two on-site visits per year; and in fact it has started visiting high-risk associations in order to ensure their compliance with the provisions of the law; in light of the violations that will be detected, penalties will be imposed according to the provisions of the law of associations.



financial responsibility.

- It's not allowed to transfer funds from NPOs to any foreign party.
- It's not allowed for NPOs to collect donations or receive any financial grant from a foreign party without the approval of the Council of Ministers.

345. The above measures contribute to the mitigation of risks in the NPO sector, however, they are applied to all the NPOs without determining the category which is most exposed to TF risks; which is not consistent with the risk-based approach, in addition to the fact that no information was provided on the extent to which NPOs are implementing these measures or the actions taken in cases of non-compliance.

346. According to the Law on NPOs in Jordan, each NPO should deposit all its funds with Banks operating in Jordan and its accounts are not subject to bank secrecy when a query is submitted by the competent minister or the registrar. The NPOs should manage financial records of revenues and expenditures. AMLU, CBJ as well as banks confirmed that this process is implemented in practice.

347. In addition to the aforementioned in terms of absence of a supervisory risk-based approach, no penalties are imposed on NPOs for violating the requirements of combating TF and the subsequent corrective measures to address deficiencies and the follow up on the implementation of these measures by NPOs..

#### **4.3.3 Deprivation of TF assets and instrumentalities:**

348. The authorities also confirmed that it is difficult to confiscate assets and instrumentalities of crime in TF cases, especially if the main threat of terrorism comes from the physical cross border transportation of funds and FTFs returning to Jordan from unstable neighbouring countries (Syria and Iraq). In addition, an important part of investigated TF cases included self-financed operations either through the sale of certain movables assets or property owned by the perpetrator of the financing offence, or by raising funds from relatives or members of the terrorist group itself.

349. Jordan reported that it carries out confiscation in terrorism crimes and has issued judgment in (320) cases of terrorism in 2017, and it confiscates all instrumentalities used in the commission of the act, regardless of their low value, which is applicable for all the other crimes such as drugs and other crimes in which confiscation takes place. The assessment team was provided with statistical data on the number of cases that included TF convictions ordering the confiscation of seized items, including 19 vehicles. Considering Jordan's location near conflict areas, the instrumentalities used in terrorism and TF crimes which were confiscated by virtue of court judgments remain weak, in terms of number, type and value (see IO.9); therefore, it is difficult to assert that Jordan is systematically confiscating all the instrumentalities.

350. Based on the above and considering the weak implementation of UNSCRs as mentioned above, and the absence of any other measures, depriving terrorists of their assets and instrumentalities is not pursued as a penal policy objective, which is not in line with the risks context.

#### **4.3.4 Consistency of measures with overall TF risk profile**

351. Jordan is exposed to TF risks through foreign terrorist fighters given that the number of those who were detected totalled approximately 1,327 fighter and through the physical transportation of funds across borders (See IO 1); therefore, the assessment team considers that the implementation of TFS to deprive terrorists, especially foreign terrorist fighters of their assets is not consistent with Jordan's risk profile, given that the Jordanian authorities<sup>25</sup> have designated 13 Jordanian nationals under Resolution 1373, and there is no information on the total value of funds belonging to them and frozen locally under the said resolution, since the Jordanian authorities<sup>18</sup> circulated their names to the subjected entities after the onsite visit, for the purpose of freezing their assets, if available.

352. NPOs do not apply a risk-based approach, and the level of understanding of sectorial risk is not unified among NPOs' supervisors. Although Jordan classified NPOs into 3 different groups based on the value of

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<sup>25</sup> After the end of the onsite visit, authorities made it clear that the assessors were not able to consider the country's completion of the freezing actions, due to the recent issuance of the circular during the onsite visit noting that they were completed at a later stage of the visit, in order to implement the asset freeze according to the UNSCR

their revenues, it did not assess the TF risks of this category, based on indicators pointing towards a relative increase in the risks of misusing NPOs for TF, as noted in a case study pursued by security agencies, where a member of a charity financed a terrorist organization by raising funds in favour of this organization.

353. Following the 2nd face-to-face meeting the Money Exchange Supervision Department provided data, indicating of having tightened the approval process regarding applications submitted by licensed money exchange companies wishing to deal with entities located in conflict zones (Syria, Iraq and Yemen), clarifying that it is periodically addressing companies to implement EDD measures, in addition to circulating a list comprising the names of money exchange companies that have been suspended by the Central Bank of Iraq (CBI) to take precautions, as well as to emphasize that the companies should refer to the official website of the CBI on an ongoing basis to follow up on any updates on the list. Although the understanding of the CBJ (Money Exchange Control Department) of TF risks is insufficient (see IO 1), it is clear that the measures taken by the Department are, to a certain extent, consistent with the risks facing exchange companies, especially those licensed to engage in money remittance, but there are concerns on whether the exchange companies are applying the appropriate measures effectively to safeguard against any possible TF abuse (see IO 4).
354. The failure of most FIs and all DNFBPs to implement UNSCRs 1267/1988 (and subsequent resolutions) without delay and in the required manner, and the practical difficulties of implementing resolution 1373, constitute a major concern given the TF risks in Jordan by virtue of its geographical location. particularly in the absence of measures taken by supervisory and monitoring bodies (except for the Money Exchange Supervision Department for the above mentioned reasons) to minimize the possible misuse of all sectors from terrorists and terrorist financiers, and in the absence of data on TF risks posed by DNFBPs, given that no information has been provided in this regard in the TF NRA, the result of which were not shared with supervisory and monitoring bodies of DNFBPs (See IO 1).
355. **Overall conclusions on IO.10: Jordan is rated as having a low level of effectiveness for IO.10.**

#### **4.4 Immediate Outcome 11 (PF financial sanctions)**

##### ***4.4.1 Implementation of TFS related to proliferation financing without delay***

356. As stated in Recommendation 7, the obligation to implement TFS to combat proliferation financing does not apply to all natural and legal persons in Jordan.
357. The Prime Minister issued a decree on 4/2014 for the establishment of a permanent national committee headed by the MOFA and the membership of the MOI, MITS, MOF, MOJ, CBJ, Jordanian Armed Forces, GID, General Security Department and AMLU, to follow up the implementation of UNSCRs. It appears that the permanent committee does not include all concerned entities such as Customs department and Jordan Atomic Energy Commission.
358. Jordan does not have commercial relations with North Korea pursuant to the Royal Decree issued on February 1, 2018, severing all relations. As for Iran, there is a trade exchange at the lowest level related to the exchange of exports and imports. The most important goods exported to Iran are: medicines, tobacco products, grains and oleaginous fruits, and natural phosphate and calcium<sup>26</sup>. The main imports are: iron, nuts and dried fruits, textiles, grain and corn flour.

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<sup>26</sup> By reviewing the annex enclosed with the regulation issued by the European Union on the supervision of the export, transportation/transfer and transit of dual use materials, it appeared that Phosphate glass and Calcium are among the dual use products

**Box 4.4.1.1 case on detection of commercial transaction with North Korea**

MOFA presented a case that shows that a Jordanian company was trading with a company in North Korea. But the ministry indicated that the company was investigated by the members of the Counter- Proliferation Committee in January 2018 and found that this company is affiliated with a US company based in the US. The Jordanian company addressed the parent company and notified it that it intends to deal with another company, and it were granted approval. Investigations revealed that the Jordanian company had no knowledge of any cooperation between the US company and the North Korean company. The National Committee circulated through the website of the MITS a notification to stop all dealings with this company because of suspicious transactions with companies in North Korea

359. The burden of implementing UNSCRs related to TFS to prevent proliferation lies with the Committee headed by the MOFA, which publishes the designated names and entities and instructions received through the Permanent Representative of Jordan to the United Nations.
360. MOFA pointed out that immediately after the issuance of any resolutions by the Security Council against proliferation, they shall be circulated to all the representative bodies of the committees within 24 hours, specifically to the liaison officers in these committees, and they are requested to inform all the parties with which they are affiliated and also inform the MOFA about any responses, whether positive or negative, and the actions taken by them to ensure the dissemination of information to all relevant parties.
361. Information is communicated through faxes and e-mails of the members of the concerned committees, and then reinforced by official letters. The MOFA indicated that it is working on communicating with all parties not represented in the Committee to ensure that they receive the information so that it is disseminated to the institutions under their supervision. These parties are informed of the measures they are required to implement in detail in accordance with the provisions of the resolutions to be implemented. The Ministry also pointed out that when a party needs to inquire about relevant information or procedures it can directly contact the head of the Follow-up Section at the Legal Department. It should be noted that the liaison officers in these committees have the power to take the necessary measures directly without returning to the competent minister.
362. However, the concerned Ministry is late in informing authorities about the resolutions. The Ministry itself admitted that it is circulating the updated lists to all relevant authorities and that this would take 5-7 days. However, the team noted longer periods of up to one month during their meeting with the different competent authorities that reported to the team that they receive the circular at different periods. Therefore, this would delay the effective implementation of targeted sanctions pursuant to UNSCRs related to combating PF.
363. The assessment team also found that appropriate importance was not given to the implementation without delay of proliferation related TFS, and the lack of a good and unified understanding by most authorities. The authorities also do not rely on an effective mechanism to ensure that the information is delivered to all concerned parties without delay, and only use fax and e-mail as means of communication, and do not verify whether all the concerned parties have received the relevant correspondences. In addition, the team has not seen any letters, statistics or cases sent to parties not represented in the committee to ensure they receive the information.
364. MOFA indicated that it sends several official letters to the concerned authorities and holds periodic meetings with them to clarify any ambiguous issues during the implementation. However, the assessment team was not provided with any detailed information or documents relating to these meetings and relevant results. In addition, there are no instructions issued to the parties to implement proliferation resolutions, which would help them understand their obligations and improve the effectiveness of the implementation of such resolutions.
365. Absence of statistics relating to the implementation of the recent UNSCRs concerning North Korea and Iran or of notifications sent by the competent committee when there is an amendment to the UN lists on proliferation financing. The assessment team did not evaluate the effectiveness of the measures taken by the CBJ and other supervisors of the financial institutions, and DNFBPs to implement the relevant resolutions without delay. Considering the lack of information from other supervisory authorities, and

information related to the mechanisms of the supervisory authorities as described above, it appears that FIs and DNFBPs do not implement without delay financial sanctions related to combatting proliferation,

#### **4.4.2 Identification of assets and funds held by designated persons/entities and prohibitions**

366. The team has not been informed of any statistics or cases of asset freezing or confiscation in implementation of the UNSCRs related to proliferation financing. No accounts or assets of any Iranian or North Korean individuals or entities have been frozen or their transactions prohibited by FIs in response to UNSCRs possibly as a result of the absence of relations with North Korea and the low level of exports and imports with Iran, as noted above.
367. It should be noted that, during the meeting with AMLU, the assessment team noticed that appropriate attention is not being paid to the subject of TFS for combating proliferation financing and any relevant action to take this aspect into consideration when analysing related cases.
368. The deficiencies in identifying and updating the beneficial ownership information of legal entities (see IO 4 and IO 5) would complicate the implementation of UNSCRs, and the identification and detection of potential violations of the implementation of sanctions related to proliferation financing and freezing of funds and assets of persons and entities designated in UNSCRs on proliferation financing and preventing them from carrying out any financial transactions. On the other hand, the team has also expressed its concern regarding the absence of information exchange at the national level in connection with the investigation of any violations or irregularities related to proliferation financing.
369. Customs Department is responsible for inspections at the country's ports, and it has stated that upon receipt of the letter from the MOFA, the Directorate of Legal Affairs prepares the necessary circular and publishes it at all customs centres and departments and website. The Directorate of Risk reported that it is preparing the criteria for targeting designated things, entities or persons ,based on the letter of the MOFA, whereby it is possible to target goods, countries, ports and people through their national numbers or any information that could be processed to reach them through e-customs. However, based on the discussions with the Customs representatives, the assessment team concluded that the Customs Authority has a sufficient actual understanding of proliferation risks and the obligations relating to combating proliferation financing, including the risks of evasion of relevant TFS.
370. MITS stated that it has adopted a legislation to control strategic goods through transit and interim shipment. It has also prepared draft instructions for the purposes of supervision and licensing of goods passing through transit and interim shipments. The Jordanian authorities also adopted the EU list of dual-use items that can be used or developed in the manufacture of chemical, biological, nuclear or military weapons or that form chemical, biological, nuclear or military weapons. In addition, a special committee was established at the Ministry of Industry and Trade called " The Committee for the Export and Re-Export of Dual Use Goods" chaired by the General Secretary of the Ministry and the membership of representatives of each of the relevant official bodies. The Committee cooperates with the United States and the European Union to control monitoring mechanisms and determine the role of each party towards these commodities. However, the assessment team did not find any role for this Committee in implementing UNSCRs related to combating proliferation financing. It is also worth noting that the members of the Committee also participated in several training programs covering a range of related topics (such as the threat of proliferation and the role of export controls, the International Program for Export Control of Arms Proliferation).

#### **4.4.3 FIs and DNFBPs' understanding of and compliance with obligations**

371. FIs and DNFBPs have a very weak understanding of TFS system in relation to PF. This is likely due in part to the absence of guidance and training in combating proliferation.

##### **Box 4.4.3.1 Example of lack of understanding on obligations for combatting PF**

An exchange company transferred money to a customer account in Iran and after inspection it was found that the company was not aware that Iran was one of the countries with which dealing is prohibited, nor aware of the procedures to be followed in such cases

372. The box above represents a case on the extent of an exchange company 's awareness of the requirements and obligations for combating proliferation financing.
373. Regarding DNFBPs, they do not have an understanding of these obligations, and did not receive any guidance on the implementation of targeted financial sanctions related to proliferation, nor do they receive circulars issued by the Technical Committee at the MOFA.
374. Despite deficiencies described in Rec 7, it is found that some FIs (banks, insurance companies affiliated with foreign companies, financial leasing companies affiliated with banks, brokerage companies affiliated with banks) have automated systems and databases and check for updates made to UN lists, including relevant UNSCRs on WMD-proliferation. In the event of any positive identification of an individual or entity on an UNSCR list, only banks and insurance companies affiliated with foreign companies appeared to have a knowledge on measures that should be taken, stating that they would coordinate with the competent authorities to freeze the account/transaction, but so far, no assets of any individual or entity have been frozen in implementation of the relevant resolutions. This could be explained either by the severance of relations with North Korea and the low level of trade relations with Iran or by the failure of the relevant institutions to realize that the proliferation-related freeze obligations must be implemented. Banks which were visited by the assessment team stated that they undertake enhanced due diligence for clients who engage in trade with high-risk countries; however, the understanding of their obligations associated with proliferation remains very weak.

#### ***4.4.4 Competent authorities ensuring and monitoring compliance***

375. The burden of ensuring the implementation of TFS in the banking, exchange and finance leasing sector lies with the CBJ, which monitors the sector by checking and examining the systems in place. As for financial brokerage firms, the burden of ensuring implementation lies with JSC, and it is not clear whether the inspection visits include verifying and examining whether FIs are following up on any business dealings with persons included on the UN lists related to proliferation and the practical measures taken and their consistency with the requirements. The assessment team was not provided with any statistics or practical cases on the subject.
376. CBJ and JSC have not issued guidelines on combating proliferation financing to promote understanding and compliance with the relevant TFS.
377. Regarding DNFBPs, except DLS, all regulatory authorities do not have an understanding of the TFS system related to PF. This conclusion was drawn from the discussions with these authorities, which did not prove that they (except DLS) have initiated the onsite monitoring process to verify the extent to which DNFBPs are implementing TFS related to the fight against proliferation.
378. None of DNFBPs supervisory authorities has issued guidelines related to the implementation of the relevant UNSCRs, and the assessment team noticed that they did not circulate the UN lists for implementation. DNFBPs do not use same commercial databases or automated systems used by some FIs
379. **Overall conclusions on IO.11: Based on the foregoing, Jordan is rated as having a low level of effectiveness for IO.11.**

## Chapter 5: Preventive Measures

### 5.1 Key Findings and Recommended Actions:

#### 5.1.1 Key Findings

- a. Banks operating in Jordan (local and foreign) are aware of the specific ML risks facing them, while their level of awareness of TF risks is considered weak to a certain extent, as for the exchange sector their understanding of the respective ML/TF risks varies between moderate and weak;
- b. Banks and some FIs (insurance, exchange and brokerage) undertook a self-assessment of ML/TF risks, with a variation in the mechanisms used for this purpose. Banks, insurance companies, financial lease companies and microfinance companies have measures in place to mitigate ML risks as opposed to TF risks that do not appear adequate, especially among banks and exchange companies that are considered high risk. Other FIs and DNFBPs do not have adequate measures due to the failure to provide useful guidelines by competent supervisory authorities;
- c. All financial entities performing activities covered by the FATF standards are applying a range of preventive measures that are comprehensive, out of which Microfinance companies that are not subject to AML/CFT measures. The implementation of the preventive measures in relation to record keeping, correspondent banking, new technologies were considered satisfactory, and there were very few breaches in the implementation of the measures in relation to PEPs, high risk countries and tipping off obligations;
- d. Banks and bank subsidiaries access independent official sources to verify the identity of Jordanian customers, and these sources are not available to other FIs and DNFBPs that rely on the customers identification procedures by examining the original evidentiary documents issued by a reliable source and which are secure against forgery. Some banks have procedures for the verification of the identification documents of foreign customers, while other banks request validation of the document from the concerned embassy. Other FIs and DNFBPs do not undertake these measures and not all sectors, can implement the requirements for the verification of the authenticity of the documents submitted by legal persons in an acceptable manner, given that the publicly available information is not up-to-date (refer to IO 5), not to mention that the understanding and the implementation by DNFBPs of the respective preventive measures is weak;
- e. In general, banks and insurance companies possess good knowledge of the concept of the beneficial owner (BO), but the procedures for verifying the identity of the BO are insufficient and ineffective (relying on the client's declaration and focusing mostly on the natural person who has a controlling interest / ownership within the legal person). DNFBPs do not appear to possess a clear understanding of the concept of the BO and there are no procedures in place on the measures to be taken to identify the BO;
- f. Bank and exchange companies filed around 98.4% of SARs; which is consistent with the preliminary findings of the national ML/TF risk assessment in Jordan, since they are the sectors most exposed to risks. Despite the varying quality of information mentioned in the SARs, the AMLU referred 27% of these SARs to the Public Prosecution, security authorities and supervisors; but there are still concerns about the low level of reporting from all remaining sectors and particularly DNFBPs.
- g. In general, most banks rely on IT systems that are based on various scenarios which are not continuously updated to detect unusual or suspicious transactions, with a large number of red flags issued by these systems which hinders their examination in a timely manner, given the human resources allocated to this end which seem insufficient. Most exchange companies have no IT systems that have an acceptable level of features and specifications in place to monitor suspicious operations and transactions, in line with their risks, the nature and variety of the services and products provided by them.
- h. Banks depend on information systems to verify whether any of their customers is on the UN sanctions lists. This also applies to wire transfers. But there were few breaches at banks given that some banks conduct a screening of their customer database on a monthly or yearly basis, this was reported as well by an insurance company. The use of manual screening by some exchange companies to verify its customers database makes it difficult to reach decisive and reliable results; also, some banks and exchange companies still lack the knowledge on the procedures to be taken, in case one of their customers is designated on the sanctions lists.

### **5.1.2 Recommended actions:**

- a. Exchange institutions, insurance companies, financing lease companies, micro-finance companies and DNFBPs (other than DLS) should be directed to re-conduct and/or initiate their self-assessment of risks, taking into consideration the findings of the NRA. FIs and DNFBPs (excluding some banks) should be directed on how to take appropriate measures to identify and verify the identity of the beneficial ownership within legal persons;
- b. The companies control department should ensure that the information on legal persons that is made available to the public is regularly updated to enable reporting entities to apply the CDD requirements in an acceptable manner.
- c. The supervisory authorities should, in coordination with AMLU, enhance the provision of ongoing feedback in order to improve the quality of the reporting especially among banks and exchange companies that are considered among the highest risk sectors as per the preliminary NRA findings.
- d. Banks should be urged to regularly update the scenarios of their IT systems and require FIs (other than insurance companies) to adopt Risk management information systems to detect suspicious transactions based on ML/TF trends.
- e. Supervisory authorities should work with FIs and DNFBPs so that they have sufficient human resources and skills to enable them to examine and review red flags within the appropriate time limits and make appropriate decisions about it;
- f. FIs and DNFBPs should be required to screen their customers database every time the UN sanction lists are updated and take the necessary measures without delay.
- g. CBJ should issue AML/CFT instructions to Microfinance companies.

380. The relevant Immediate Outcome considered and assessed in this chapter is IO.4. The recommendations relevant for the assessment of effectiveness under this section are R.9-23.

### **5.2 Immediate Outcome 4 (Preventive Measures)**

381. In terms of risk and context, the assessment team focused on the commitment of FIs, especially banks and exchange companies, to implement preventive measures to combat ML and TF in Jordan. The size of the financial and non-financial sectors and the degree of related risks have already been mentioned in chapter 1.

382. The assessment team based its conclusions on discussions made with a range of FIs and DNFBPs of various types and sizes, on how they understand, manage and mitigate their risks, and implement preventive measures; the assessment team reviewed the systems of FIs and especially banks to detect suspicious transactions and implement TFS. During its discussion, the assessment team was keen on asking many questions to confirm the information it holds from more than one source, and the responses of the entities matched, thereby asserting the conclusions reached by the assessment team.

#### ***5.2.1 Understanding of ML/TF risks and AML/CFT obligations***

383. The level of awareness of AML/CFT obligations is, to a certain extent, good among most banks and Insurance companies (especially those that are part of an international financial group) and to a lesser extent at remaining financial institutions, namely money exchange companies which are considered as high-risk according to the results of the national ML risk assessment, the financing lease companies, brokerage firms, microfinance companies, and postal service providers. The DNFBP sector's (lawyers, accountants, dealers in precious metals and stones, and real estate offices) understanding of ML risks and the AML obligations is relatively weak and varies from one sector to the other and from one institution to the other. As to the level of awareness of the CFT obligations, it is considered not satisfactory among most financial and non-financial institutions, namely banks and exchange companies. The latter are ranked as high-risk according to the findings of the TF NRA; however, this may not pose high concerns due to the procedures established by the Money Exchange Supervision Department, which may limit the possibility of exploiting the sector for TF purposes.

## **Financial Institutions**

384. The risk-based approach was adopted by banks operating in Jordan several years ago. To achieve this, a special methodology has been adopted to understand ML and TF risks based on two main pillars. The first is to automatically calculate the customer's risks and classify them into three categories according to their personal and financial data and from the submitted documents. If they were rated as high risk, they will be subject to EDD and will be required to update their information within a required period. The second is risk mitigation through the application of specific policies and procedures and ongoing follow-up.
385. Pursuant to the provisions of Instructions No. 14/2018 issued by CBJ on 26/6/2018, banks should conduct a comprehensive assessment of ML/TF risks at least annually or when there is a material change in the nature of the risks to identify and understand ML/TF in relation to customers, countries, products, services, processes and service delivery channels. On 1/7/2018, CBJ circulated the findings of the sectorial risk assessment to banks and its outcomes were consistent with the preliminary results of the ML NRA.
386. The Control Department at CBJ analyses the findings of the self-assessment undertaken by banks. Each bank is evaluated separately and informed of the adequacy of the assessment and the level and quality of risk understanding. The self-assessment of risks should include, but is not limited to, the main risk categories and the suitability of the bank's policies and procedures with the risk document produced by the self-assessment, focusing on high risk areas and the measures to be taken to mitigate and reflect them in the customer acceptance policy and when considering launching a new product.
387. The most important elements of the self-assessment of risks at banks are reflected in the assessment of inherent risks, identification and evaluation of the applicable controls, followed by identification of residual risks, and examination of the effectiveness of the controls and then the development of an action plan. They also reassess risks when material changes occur in the nature and circumstances of certain products and customer categories. Banks have lists of client categories, countries, transactions and products that pose ML/TF risks. These include, but are not limited to, customers, bearer companies, traders in virtual currency, non-residents, trust funds and its trustees, NPOs, companies that trade in or manufacture chemicals; in terms of countries, those designated in sanctions lists; in terms of products and services, credit facilities cards, ATM cards, prepaid plastic cards, safety deposit boxes, deposits and cash withdrawals through electronic channels, and wire transfers.
388. When asked, banks were able to provide concrete examples of what may constitute a ML risk. Most banks share the common knowledge that cash poses a ML risk. Specific attention is paid to cash, especially when made in repetitive deposits below a designated threshold or when used to pay off a large loan with no plausible explanation. They also consider accounts held by NPOs as involving (in the absolute) a high TF risk and as a result conduct enhanced monitoring of these accounts. On the other hand, this does not reflect a good understanding of the TF risks and may lead to other risks relating to financial exclusion, in the event where more stringent measures are applied against NPOs, including low-risk NPOs.
389. Besides the risks that NPOs may pose, almost all banks were unable to elaborate on what may constitute a TF risk; for instance, most of them do not pay attention to cash withdrawals at Automated Teller Machines in locations bordering conflict areas. Likewise, they do not monitor the online-logins to their platforms to determine whether they originate from a high-risk country or from a location within close proximity to the conflict zone. They did not elaborate on how to detect the use of plastic cards by third parties, this in itself may pose a TF risk. Hence, the assessment team came to the conclusion that banks operating in Jordan (local and foreign) are aware of the specific ML risks that they face, yet their level of awareness of TF risks is considered weak to a certain extent. Cases presented to the assessment team did not involve banks being exploited for TF purposes (see IO 6).
390. The results of the banks' risk assessment are relatively inconsistent with the national and sectorial risk assessment outcomes, this is due to the fact that banks adopt different methodologies and mechanisms for conducting a risk-based self-assessment, commensurate with the risk structure of each bank, its products and customers. Some banks are more severe in ranking some sectors and/or customers. As an example, banks consider that NPOs are a high-risk sector to the fullest extent, whereas the national and sectorial risk



assessment outcomes consider NPOs as a low risk sector. Banks also consider PEPs high risk customers whereas the sectorial risk assessment considers them medium risk, knowing that there is no reference for PEPs in the NRA. The divergence is seen in other areas, including countries designated in the sanction lists that are considered by banks high risk, as opposed to the sectorial risk assessment where they are considered medium risk.

391. CBJ instructions issued in 2018 included the obligations of exchange companies, including the necessity of conducting a comprehensive assessment of ML/TF risks on an annual basis, conducting EDD to exchange operations with persons who belong to or are located in countries that do not have adequate systems to combat ML/TF, and EDD towards foreign and domestic PEPs, non-residents and unusually large or complex transactions. During the onsite visit, a sample of exchange companies was asked about their understanding of the ML/TF risks. Some provided limited examples of what may constitute a ML risk (exchanging small denomination bills for larger bills); however, by seeking clarifications on more complex patterns of money laundering, they did not provide the assessment team with any examples. Only one company provided what may constitute a TF risk (transfers through exchange companies banned to deal with for being located in conflict zones or for dealing with counterparts in conflict zones), others did not provide any examples of what might pose a ML/TF risk. For these reasons altogether, their understanding of risks was considered to vary from weak to moderate.
392. Representatives of the exchange sector, including those that provide alternative value transfer services (, were able to provide examples of lines of businesses, products, and countries that may pose ML/TF risks, yet they were unable to provide concrete examples of the specific ML/TF risks that they may face, in light of their activity which is essentially cash-based or given that some of them process value transfer services to individuals in conflict zones, despite the measures taken by the CBJ (The Money Exchange Supervision Department) (see IO.10) which are considered satisfactory, given that they might limit the potential misuse of the sector in TF operations, provided that they are implemented effectively by the concerned institutions. The assessment team was not provided with any information proving that exchange institutions have an awareness of these measures and obligations, and they are implementing them effectively.
393. The sectorial risk assessment report was shared with brokerage firms, and its findings were relatively consistent with the preliminary findings of the MLNRA. It was found that corporate understanding of ML/TF risks varies between companies and is considered good in some cases and limited in others, but their self-assessment of risks is somewhat inconsistent with the outcomes of the sectorial risk assessment and MLNRA. Representatives of the sector recognize the low risk rating of their activities, this is primarily due to their limited customer base and services, but seem to possess little knowledge of how to detect potential insider trading activities, given that they are among the patterns of the predicate offenses which are common in this field even if they do not fall under the major proceeds generating predicate offences considering Jordan's risks and the market size.
394. It is found that the understanding of risks by the insurance sector is good, although the MITS did not conduct a sectorial assessment. Representatives of the sector recognize the relevant ML risks, especially those associated with false claims or early surrender or termination of a life insurance policy or annuity product.
395. The postal sector consists of 102 mail operators, including 7 operators with an international postal operator license supervised by the Telecommunications Regulatory Commission, which explained that the risks facing the sector are related to funds shipping services suspected of being linked to ML or TF, and the transport of raw materials that may be used in the manufacture of explosives. Representatives of the sector did not provide concrete examples of the most common ML/TF risks facing them, knowing that they do not provide cash transportation services. Overall, their understanding of the ML/TF risks is considered weak.
396. AML / CFT instructions were not issued to microfinance companies. The latter explained that the level of risk they may face is relatively low as they do not accept deposits by virtue of their work, but they have not yet performed a self-assessment of the risks nor were they subject to a field visit to assess their understanding of ML/TF risks and the measures taken to mitigate them.

397. Payment services and electronic funds transfer companies are subject to the instructions of CBJ issued on 28/5/2018 under No. 12/2018 which required them to rank all their customers according to the degree of the ML/TF risks. Given that these instructions were adopted very shortly before the on-site visit, it did not appear that they were reflected on these entities' level of understanding of the ML/TF risks and the AML/CFT requirements. On its part, the CBJ made it clear that it is implementing a number of measures to enhance these companies' ability to assess and understand ML/TF risks and to establish policies, procedures and internal controls for risk management and mitigation pursuant to the provisions of Article 14 of the said instructions.

#### **DNFBPs**

398. The understanding of DNFBPs (lawyers, accountants, dealers in precious metals and stones, and real estate offices) of ML/TF risks and AML/CFT obligations is relatively weak and varies from one sector to another and from one institution to another within the same sector. However, this does not affect the real estate sector considering the limited role entrusted to real estate offices, unlike the role of the DLS which has the ultimate responsibility for the implementation of CDD measures based on its understanding of risks.

399. The AML / CFT Law does not explicitly state any obligations incumbent on lawyers, accountants and notaries in the field of combating ML and TF. To note that lawyers are usually engaged in buying and selling real estate, establishing companies, managing money and bank accounts on behalf of others. Accountants and auditors may not carry out any of the aforementioned activities, except for the establishment of companies on behalf of others. Notaries are part of the MOJ, and as such the FATF definition does not apply to them (This has already been mentioned in chapter one). For all these reasons, the said sectors do not pose an increasing ML risk, which explains why they are classified, according to the preliminary findings of the ML NRA, as medium risk sectors. As regards these sectors' compliance and understanding of risks, it appeared that there is no supervisory body to carry out supervision, monitoring and training and to issue instructions or any other enforceable means to lawyers and accountants, which negatively affected their understanding of ML/TF risks and AML/CFT obligations. Representatives of this sector did not provide any concrete examples of the most common risks facing them. Overall, their understanding of the ML/TF risks and AML/CFT obligations is weak.

400. The Jewellers Syndicate did not undertake a sectorial risk assessment. According to the national ML risk assessment, this sector is considered medium risk which is due to weak supervision (see IO 3). Neither guiding principles nor training courses were delivered to those working in goldsmith and jewellery trading sector; which limits their understanding of ML/TF risks and AML/CFT obligations. Also, the assessment team discovered during the on-site visit that precious metals and stones dealers did not undertake a self-assessment of ML/TF risks and their understanding of what may constitute a ML offence is still very limited. One dealer mentioned that men are usually among the perpetrators of the ML offence, without providing any examples of what might constitute a TF threat.

401. The DLS has performed a sectorial risk assessment, but it was found that the activity of real estate offices is limited to setting a meeting between the buyer and the seller and preparing a file containing the required documents to formally complete the transaction at DLS, knowing that DLS has the ultimate responsibility of applying due diligence measures towards the seller and the buyer. The assessment team considers that real estate offices do not appear to pose ML/TF risks given their limited role in applying CDD measures.

#### **5.2.2 Application of risk mitigating measures Financial Institutions:**

402. Banks appear to have a series of measures and policies to reduce ML risks. These include the implementation of EDD procedures on transactions taking place on accounts of high-risk customers, verification of the sources of deposited funds, update of the KYC information periodically, review of the international sanctions lists, and conduct an independent internal assessment of ML programs. One of the banks explained that the main risks facing it are due to the inadequate controls over the data updating process. Therefore, the bank took the necessary measures in this regard. This has resulted through the monthly follow-up reports to the reduction of the percentage of customers whose data is not updated by 17%.

403. The application by banks of AML/CFT measures in Jordan does not impede the use of the official financial system by customers from various categories. Banks are keen to enhance financial inclusion and deal with emerging risks, particularly those emanating from modern technology. The risk-based approach contributes to mitigating procedures applied for low-risk customers.
404. There are no potential obstacles to the effective application of AML / CFT requirements in line with the level of risk identified. However, the CBJ explained that there are some issues that may impede the effective application of these requirements, including the transfer of qualified staff from one department to another, work pressure on the first lines of defence, the volume of work assigned to the compliance function, as well as the expansion of the customer base of some banks and the varying degree of compliance with some controls set to implement the preventive requirements.
405. Based on the above, it was concluded that banks implement mitigating measures derived from their understanding of ML risks, but the measures taken to mitigate TF risks do not appear to be satisfactory. The assessment team reached this conclusion based on discussions with representatives of this sector, given that they could not provide any examples on the measures taken to mitigate TF risks.
406. Exchange companies have internal controls and procedures and are subject to the oversight of the CCD at CBJ, which took several measures that might partly limit the potential misuse of the sector in TF operations (see IO.10). However, the assessment team was not provided with any information proving that the institutions have a sufficient understanding of their obligations and that they are implementing them effectively, although they are more exposed to TF risks than other sectors in view of the services they provide. This was explicitly referred to in the national TF risk assessment.
407. Furthermore, some of these companies offer money or value transfer services and for this purpose deal with exchange companies in the Gulf countries and in high risk countries considered as “conflict zones”. There are concerns of the exploitation of these services in TF, in light of the limited understanding of TF risks including the potential misuse of these services by terrorists to move or transfer funds from / to the conflict zones. This conclusion is supported by a disparity in the capacities, characteristics and effectiveness of the information systems applied to monitor operations conducted in these companies, where they are not given effect in some, while other companies rely on information systems that are, to a certain extent, not in line with the size of the companies operations, and the nature and variety of the services and products they provide, and in a way that ensures effective and ongoing monitoring of the operations.
408. Banks are considered to pose high risks for ML, yet their understanding of ML risks is considered good; however, their understanding of TF risks is weak to a certain extent, but this does not represent a fundamental shortcoming, given that terrorists or terrorist financiers rarely resort to the banking sector, as indicated by the GID that most of the TF funding was limited to self-financing (see IO 9). In general, in view of the risks of Jordan, which is close to conflict zones, the weak to moderate level of understanding of TF risks by exchange companies that have a significant relative importance, given that they were classified as high risk for TF, is mitigated by the procedures and measures taken by the Money Exchange Supervision Department that limit the possible misuse of exchange companies for TF purposes (see IO 10).
409. Guidance manuals have not been circulated to postal operators, the insurance sector and companies providing financial leasing services to ensure that appropriate measures are taken to mitigate the risks they face. During a meeting with a group of insurance companies it became clear that some of them apply the policies and procedures of the foreign group that are more stringent, while those that are subsidiaries of banks operating in Jordan apply the measures and procedures of banks and are considered satisfactory. This also applies to the entities providing financial leasing services that are affiliated with banks operating in Jordan. On its part, the Securities Commission clarified that it circulated at different dates risk mitigation guiding manuals to brokerage firms, which cover “the role of the board of directors, governance, risk management, AML/CFT policies and procedures”; but the firms made it clear that no guiding manuals have been circulated to them. It became clear that they are not aware along with the postal sector of the measures to be taken to mitigate the risks of ML /TF, noting that the ML/TF risk mitigating measures in microfinance companies appear satisfactory in light of their limited customer base, the threshold of executed transactions and control regulations placed on cheques issued by them (drawn only to the first beneficiary and not to any third party).

410. Microfinance companies and insurance companies implement mitigating measures, not limited, as far as each is concerned, to writing cheques only to the first beneficiary and to limiting the possibility for a policy holder to make an early surrender of a life insurance policy and to making cash payments (representing the cost of premiums) beyond a designated threshold (usually not exceeding USD 2,500), yet, representatives of all remaining sectors did not provide concrete examples on how they are implementing measures to mitigate ML/TF risks.
411. Based on the discussions that the CBJ made with representatives of payment and electronic transfer service providers, the CBJ explained that the application of measures commensurate with the risks is one of the most important challenges facing this sector due to the sector's recent emergence, the insufficiency of human resources having the expertise and knowledge, the quality and scope of services provided, , and the reliance on a network of agents who may not have sufficient knowledge of the procedures required. The Control Department of the sector explained that it has established a number of controls and procedures to mitigate the risks to which the sector may be exposed and it is working on enhancing the level of compliance of companies with AML/CFT requirements by providing the necessary training through coordination with international bodies and through continuous periodical meetings with compliance officers to discuss the companies' procedures, and the extent of their adequacy and the need to update them where necessary.

#### **DNFBPs**

412. DLS made it clear that the procedures it applies warrant mitigation of ML/TF risks, since any dealing between the buyer and the seller must be processed through DLS, considering that it has the ultimate responsibility of applying due diligence measures. Accordingly, and given that the size of transactions executed through real estate offices does not exceed 2.8% of the grand total of transactions executed in 2018, the assessment team considers that the role of real estate offices in applying risk mitigation measures is minor compared to DLS role.
413. There are no efforts taken by DNFBPs (lawyers, accountants, dealers in precious metals and stones, and real estate offices) to mitigate ML/TF risks facing their sectors because of the absence of their risks understanding.
414. This conclusion was reached upon discussion with representatives of DNFBPs sector who did not provide any examples on the measures implemented in order to mitigate ML/TF risks.

#### ***5.2.3 Application of enhanced or specific CDD and record-keeping requirements***

##### **Financial institutions:**

415. Banks operating in Jordan including foreign banks implement CDD requirements towards natural persons in an acceptable manner. All potential customers, whether natural or legal persons, must be present in person for identification purposes. All banks have an electronic link to the Civil Status Department database for the purpose of verifying the identity of the customer who is a natural person. In the case of a foreign person, they must submit a copy of their passport and residence permit. Some banks have indicated that they have verified the authenticity of the document through special IT systems, while others have requested other documents authenticated by the concerned embassy.
416. For local legal persons, the incorporation documents submitted shall be verified through the website of the CCD. Access to the mentioned site shows that it does not include all registered companies in Jordan, in addition to the fact that the data of some companies lacks updating, as well as the absence of the national identity number of company shareholders (refer to IO 5). For foreign legal persons, the procedures are limited to obtaining a copy of the articles of incorporation authenticated by the concerned embassy, and there are no other effective means to verify the authenticity of the submitted documents. A bank has indicated that it has verified the authenticity of the provided documents through information available to the public.
417. Other FIs, including exchange companies, financial leasing companies, insurance companies, postal companies, brokerage firms and microfinance companies, have shown a good application of CDD

measures toward natural persons, as opposed to the measures they implemented toward legal persons and which are considered unsatisfactory.

418. The procedures for the identification of the Jordanian natural customers are considered satisfactory, given that the customer should attend in person and show the personal identity document issued by a reliable source. It is noticed that these institutions do not access the civil status data to verify the local identity documents, as applied by banks; however, Jordanian authorities reported that it is not necessary to verify the validity of these documents through the Civil Status Department because it has protection and security features that prevent their forgery. This is supported by the fact that the AMLU has never received notifications related to forged evidentiary documents belonging to Jordanian nationals. Nonetheless, the Money Exchange Supervision Department clarified that work is under way to link companies to the Civil Status Department. The Securities Depository Center has access to the Civil Status Department and maintains a detailed database of all clients of brokerage firms, and no one can deal in the financial market before their data is accepted and verified by the said Centre. On 27/12/2018, the Securities Commission contacted the Civil Status Department to consider the possibility for companies to obtain a copy of the Civil status data not subject to any restrictions. As for the procedures to verify the documents of legal persons, they are not satisfactory, given that the incorporation documents are verified through the website of the Companies Control Department (for companies) and the website of the MITS (for individual institutions), (knowing that the reliance on these websites is not considered sufficient (see IO 5). For foreign companies, financial institutions only obtain a copy of the incorporation documents of the company and have no other means of verifying their validity.
419. In general, some banks have a good knowledge of the beneficial owner concept, but there are still many shortcomings in this regard given that at least 3 of the 5 interviewed banks consider the concept of the beneficial owner to be limited only to the verification of the shareholders identities in the legal entity, and does not include taking reasonable measures to ascertain the identity of the natural person who has an effective controlling interest over the legal entity or who occupies a high administrative position or who exercises control over the legal person, depending on each case. The compliance officer of a bank considers that the authorized signatory of the company is the beneficial owner. All interviewed Banks only verify the identity of the shareholders before or during the establishment of the relationship and it has not been found that they have taken reasonable measures to verify the identity of the beneficial owner exercising moral control before entering into a business relationship or during a business relationship. The concept of a controlling share varies between one bank and another, with some banks indicating that the control ratio ranges between 5% and 51% of the ownership structure. For foreign companies, banks do not have sufficient means to verify the identity of the beneficial owner, except for verification of the identities of shareholders owning up to 5% of the shares.
420. For natural persons, before or during the course of the business relationship, banks only require a written authorization specifying the identity of the beneficial owner without taking reasonable measures to verify whether the customer is the actual beneficial owner or whether they are acting on behalf of another person.
421. In general, it appears that some banks (especially those that are part of an international financial group) and insurance companies have a clear understanding of beneficial ownership, while the measures taken by them are not considered satisfactory. It was found that there is a lower level of understanding among exchange companies, financial leasing companies, postal companies, brokerage firms and microfinance companies of beneficial ownership and what may constitute a controlling ownership interest in a legal person. The measures taken by the said institutions are considered unsatisfactory as they satisfy themselves with a written statement in which the customer identifies the BO without taking reasonable measures to verify whether the customer is the BO or whether he is acting on behalf of another person.
422. In general, some local banks consider that if they are unable to implement due diligence measures, they should not open the account, nor start a business relation nor carry out the transaction without considering notifying the AMLU. However, most interviewed banks, exchange companies, insurance companies and brokerage firms are aware of the steps to be taken when they fail to satisfactorily undertake or complete CDD. The following case scenario provides an illustrative example:

**Box 5.2.3.1: Example of an SAR for failure to satisfactorily complete CDD**

In 2016 a bank decided to notify AMLU after two individuals requested to open an account to obtain facilities for the establishment of a project on a plot of land leased from the government for 99 years, without providing the bank with any official documents. Following the completion of the AMLU procedures, it was found that the two suspects have duly performed all the procedures to obtain the necessary approvals for the construction of the investment project and there were no previous notifications or negative information or security restrictions against them or any suspicious financial transactions recorded through the examination of all their accounts. Therefore, it was decided to archive the subject

423. FIs, particularly banks, maintain records related to domestic and international financial transactions and records obtained through due diligence process for up to 15 years, which exceeds the requirements of the FATF in accordance with Recommendation 11. Some FIs reported that record keeping includes paper and electronic records. Hence, record keeping appears to be implemented in a suitable manner.
424. The assessment team examined a sample of records obtained through the CDD process and reached the conclusion that FIs are keeping records for at least 5 years after the completion of the transaction or following the termination of the business relationship.

**DNFBPs**

425. DNFBPs have poor understanding of CDD requirements and have no clear procedures for implementing CDD measures. The efforts exerted by them in this regard are personal efforts in the absence of any instructions or guidelines. They also have a poor understanding of the concept of beneficial owner.
426. The lawyer interviewed on behalf of the lawyers' sector indicated that their office took some measures to identify the beneficial owner by verifying the source of funds and obtaining a bank certificate and some other supporting documents.
427. DLS made it clear that the ultimate responsibility for the implementation of the CDD measures remains with it, by requiring concerned parties to declare the purpose of the ownership, identifying and verifying the identity of the buyer and that of the seller, verifying the truthfulness of the proxies, inquiring about the agent and the principal, seeking security clearance, and attaching an encumbrance on the real estate immediately following its registration in the name of any legal person or foreign national for a period extending between 3 to 5 years so as to prevent trading therein, adding that it has the ability to verify the identity of clients by accessing the database of the Civil Status Department and that of CCD, in addition to requesting a copy of a valid passport for natural persons. As such, the assessment team considers that the implementation of CDD measures by the said department exempts real estate offices from applying the CDD measures.

**5.2.4 Application of EDD measures**

428. In general, the implementation of EDD measures by FIs and mainly banks in relation to new technologies, wire and correspondent banking relationships and high-risk countries appears satisfactory; yet there are concerns on the adequacy of the implementation of these measures in relation to PEPs and TFS.

**PEPs**

**Financial Institutions**

429. Instructions issued to banks require the implementation of EDD measures towards PEPs including first degree relatives and business associates. In practice, before entering into a business relationship, the natural person, with whom the dealings will take place, is asked to determine whether they fall under the category of PEPs. This is stated in the contract for opening the account. In parallel, the information is verified through the use of commercial screening lists (for example, World-Check and LexisNexis). The same steps are followed after establishing relationships with customers and at least 3 of the 5 interviewed banks do so periodically during the process of updating customer files. The banks visited use the same mechanism. According to one bank, if during the verification process it was found that the data submitted by the customer was incorrect, the bank would terminate the relationship, without notifying the AMLU thereof. As for procedures followed before entering into a working relationship with any PEP, Compliance

Department would be consulted (without obtaining approval from Senior management as required in Rec 12). However, CBJ made it clear that the Compliance Officer is the person authorized by the management to grant approval for the establishment of such a relation, as called for in the AML/CFT instructions issued to banks. This is a practice that appears to be implemented across the banking sector.

430. Exchange companies, insurance companies and financial leasing providers have a clear understanding of the concept of domestic and foreign PEPs, and resort to commercial screening lists for verification before and after establishing a business relationship. However, f brokerage firms were unable to provide examples on the types of persons considered PEPs and the measures required when a person is identified as PEP. Hence, the assessment team came to the conclusion that their understanding of the concept of PEPs is considered insufficient, in spite of the supervision and control carried out by the Securities Commission (please refer to IO 3), adding that the measures taken by them to determine whether the client is a PEP remain insufficient and limited to the statement provided by the client, and do not rely on other means to verify this.
431. Microfinance companies have a clear understanding of the concept of PEPs and use commercial screening lists to verify whether any of their customers is a PEP, although, they are not subject to any supervision and control and to any instructions in the field of AML/CFT. However, it is not clear that there is full knowledge of the measures to be applied in this case.
432. Payment services and electronic fund transfer providers have a special system to determine whether any of their customers or their representatives is a PEP, and if it is discovered that any of them is within the category of such persons, the providers shall take the appropriate measures to identify their sources of funds and to track their transactions closely. The Department of Payments and Banking Operations at CBJ explained that the companies were directed to take corrective measures with the emphasis on the need to comply with the procedures required of them, and no violations were found in any of the companies operating in this sector.

***DNFBPs***

433. It appeared to the assessment team that lawyers, accountants, dealers in precious metals and stones, and real estate bureaus have a poor understanding of PEPs and it varies between one sector and another and between an institution and another within the same sector. Most of the aforementioned entities do not have any specific procedures and regulations to determine whether any of their customers are PEPs. In the real estate sector which is becoming more important in Jordan's context, it is found that the inadequate implementation of procedures by real estate offices is compensated by proper implementation of procedures by DLS, unlike other DNFBPs (lawyers, accountants, dealers in precious metals and stones) that have been identified as medium- risk sectors in the ML NRA.

***TFS:***

***FIs***

434. The CBJ explained that when any of the entities or individuals are designated on the sanctions lists, including those issued by the UNSC, banks seek to implement a series of measures and procedures, including, but not limited to, updating the sanctions lists on their automated system and cross-checking their customers' names with those on the lists before providing or processing the provision of certain banking services and products to customers, and cross-checking the information contained in the documents related to international business operations and the names of suppliers before completing any operation or before entering into contracts with them. The same applies to financial leasing companies, which also rely on private databases, especially financial leasing companies affiliated with banks. In case of name matches, they will be reported to the concerned authorities.
435. However, during the on-site visit, the assessment team came to the conclusion that FIs, especially banks and exchange companies are not effectively applying TFS, and this is primarily due to the fact that screening procedures are implemented (by some subjected entities) either on a monthly or annual basis and not immediately whenever the UNSC sanction lists are issued and / or updated, noting that others are screening their clients' database manually, which affects the effectiveness of the implementation of TFS.

**Box 5.2.4.1: Example on detection of UN designation by FI screening**

In 2017 a bank's screening system intercepted a transfer issued by client because of a partial match and similarity between the name of the beneficiary and the name of one of the individuals designated on the UN sanctions lists. After reviewing the family record submitted by the customer, a similarity was found between her brother's name and the name of the individual on the lists. Accordingly, the transfer was declined and AMLU was notified

436. During the visit to one of the banks, it appears that the bank implements a monthly screening of its customers' database to verify if a name is designated on the international sanctions lists. On the other hand, the assessment team discovered that another bank conducts a yearly screening of its database, which falls short of effectively applying TFS measures. When a group of banks and exchange companies were asked about the action to be taken if one of their customers was designated on the UN sanctions lists, it became apparent that at least 3 of the 8 interviewed entities are unaware of the procedure required to freeze the funds or refrain from carrying out the transaction. On the other hand, the Banking Supervision Department at CBJ explained that all banks are obliged to implement UNSCRs once published by UN without need to wait until the CBJ circulates the relevant lists, as the circulation is an additional measure to alert banks to update their data. But the regulations 1, 2, 3 approved by the national committee for the prevention of ML/TF suggest that the obligations for the implementation of TFS come into effect when the lists are circulated. The assessment team considers that the delay in circulating the sanctions lists (see IO 10) may not ensure the implementation of TFS in a systematic and effective manner, regardless of individual actions and measures taken by some banks and other financial institutions operating in Jordan.
437. During the onsite visit to a group of exchange companies, it became clear that some of them provide money transfer services through a private money transfer network equipped with monitoring programs to monitor any similarity or resemblance between the originator of the transfer and the beneficiary and any designated individuals on UNSC sanctions list. In the event of any similarity by a ratio of 75%, the transfer shall be suspended until the reason for the similarities is verified through the examination of the identity records of the person listed on the sanctions lists in order to make the appropriate decision either to block the transfer and notify the AMLU or process it. But the assessment team found that one of the exchange companies does not have an electronic system in place to screen its customers database automatically and resorts to manual scanning to do so, making it difficult to reach conclusive and reliable results.
438. It appeared to the assessment team that insurance companies, particularly those affiliated with multinational insurance companies, have a good understanding of their obligations, and have indicated that they are directly accessing the United Nations website via electronic systems and commercial data available to them and handling these lists directly. They also rely on tools provided by the parent company as per its policies. However, some insurance companies conduct the screening of their database annually, and not whenever the sanctions lists are updated, which does not ensure the effective implementation of these sanctions. In case there is a match between the name of the insurer and the name of the insured, the company cancels the policy, withholds the insured amount and informs the AMLU.
439. It is found that the postal service providers do not have an understanding of their obligations towards UNSCRs. Also, they do not receive the financial sanctions lists and do not undertake any measures in this regard.
440. Electronic payment and money transfer providers have supervisory and alert systems and seek to link them to international sanctions lists, Security Council lists and any other sanctions lists in fulfilment of their obligations, including the freezing of funds. As for electronic remittances, the names and fields included therein are cross-checked with those on the sanctions lists in order to implement the relevant obligations. The instructions issued by the National Committee require informing the Technical Committee when noticing any dealings with designated individuals.
441. In general, some institutions (money exchange, insurance, financial leasing, brokerage, electronic payment and money transfer providers) resort to the sanctions lists before opening an account or executing an operation or updating a file. Accordingly, it is clear from the above that the procedures applied by banks, insurance companies and exchange companies are insufficient and do not ensure the effective implementation of TFS.



## **DNFBPs**

442. DNFBPs do not have any procedures and regulations to implement TFS. They rarely receive, from competent authorities, sanctions lists and any amendments thereto, or receive them after six months or one year from the date of amendment or update.
443. Lawyers, accountants, dealers in precious metals and stones, and real estate offices have a poor understanding of the concept of targeted individuals pursuant to Security Council resolutions. The understanding varies between one sector and another and between an institution and another within the same sector. Lawyers and accountants have relatively a better understanding of TFS than dealers in precious metals and stones, knowing that all these sectors have been identified as medium risk in the findings of the ML/NRA.
444. DLS clarified that its procedures call for the implementation of TFS by initiating a freezing order to all immovable funds of persons and entities designated on the sanctions lists, and as such, the purpose of not completing any transaction is therefore achieved. Yet it is not clear whether its procedures require initiating the freezing order as soon as the person or entity is designated on the lists or when the sale / purchase of the real estate transaction is completed.

## **New Technologies:**

445. Banks have a clear understanding of the services offered through the technology. The services include mobile and online banking application to request domestic and external financial transfers, invoice payments and account inquiries, including credit cards and prepaid cards, and cash deposits via ATM. Prior to the introduction of any product, the controls required to prevent its exploitation in ML and TF are examined, as well as the adequacy of supervisory controls required to monitor the service or product, the development of new control tools such as requesting periodic reports and preparing product-specific scenarios and establishing ceilings for e-transactions. Banks are familiar with how and why technology-based services can be exploited, as they allow the user to conduct operations without referring to the bank, thus avoiding inquiries and questions, and they also allow anyone to hack the customer's data. In light of this, banks have put in place appropriate controls, such as setting the ceiling and volume of electronically executed operations and providing services only to permanent customers rather than to occasional ones, and alerting customers to the necessity of keeping their data confidential in order to prevent any form of illegal exploitation. Furthermore, in light of the risks resulting from the use of new technologies, the CBJ issued a number of circulars to banks. The compatibility of the product and the service with the instructions issued by the supervisory authorities is ascertained by banks. In all cases, CBJ is the main reference either for consultation or approval
446. Not all financial service companies provide services through modern technologies. The microfinance companies which were interviewed indicated that they conduct a risk analysis before providing any service, while some companies offer payment services through E-Fawateercom, and there is a company that acts as agent to provide mobile payment services. The CBJ stated that in March 2018, all financial institutions subject to its regulation and supervision were prohibited from dealing with virtual currencies, either for the benefit of the company itself or for its customers.
447. Payment services and electronic fund transfer providers rely mainly on technology in providing their services and products, particularly in the provision of mobile services. Before launching their products and services, companies endeavour to identify and evaluate operational, technical and financial risks and the ML/TF risks. This is not limited to the product but also includes the mechanisms through which the service is provided, including close-range communication technology. After consultation with the CBJ, the service is either approved or rejected.
448. Based on the foregoing, the assessment team came to the conclusion that the adequacy of FIs approaches to new technologies is sufficient.
449. All interviewed DNFBPs do not rely on new technologies to provide services for their clients. In fact, the client should show up in person to carry out a transaction. Therefore, the risks that may arise from the use of new technologies do not apply to most DNFBPs.

## **Wire Transfers and Correspondent Banking Relationships**

450. CBJ explained that the banks operating in Jordan deal as correspondent banks with foreign banks, but they do not have intermediate payment accounts. Banks apply the due diligence requirements to evaluate the correspondent banking relationship through search engines, through the website of the respondent bank and the CB issuing the business license of the respondent bank and through the databases of international companies providing banking identification services and by cross-checking sanctions lists to ascertain whether any of the board members and shareholders of the respondent bank are included in these lists. The periodic assessment of the relationship with the respondent bank is determined according to the degree of risk based on the classification methodology of respondent banks. Prior to establishing or entering into a business relationship, the approval of the senior management is obtained. One bank has a clear policy of refusing to engage in correspondent banking relationships with banks located in high-risk countries. In summary, the procedures for correspondent banking relationships are sufficient, and non-compliance with these procedures will result in refusal to enter into or termination of a business relationship. These relationships are also conditional with the filling of specific forms.
451. CBJ undertakes on-site and offsite desk monitoring to ensure compliance by banks with the AML/CFT instructions. The statistical data provided in this respect show limited number of breaches by banks with the wire transfers requirements, knowing that the identified breaches, totalling 19 between 2013 and 2016, did not amount to imposing penalties or taking corrective measures.

## **High-Risk Countries FIs**

452. Banks have a clear understanding of high-risk countries, including those classified as tax havens, those on the FATF list, those known for drug production and trafficking, those in drug transit areas and known for high crime rates, and those subject to sanctions imposed by the Security Council resolutions. The CBJ has made it clear that the classification of high-risk countries is very similar among banks. Banks apply EDD measures towards business relationships with people from or in those countries. The names of those countries shall be included on the control lists with a view to restricting, suspending or rejecting any financial transactions with persons from or in those countries.
453. The CBJ's Supervision Department has circulated a list of high-risk countries to payment services and electronic fund transfer providers in line with the statement issued by the FATF, which includes the names of the countries under follow-up in the field of compliance with AML / CFT requirements, with the possibility of adding the name of any state according to what the service provider or the CBJ or the AMLU deems appropriate.
454. Exchange companies, insurance companies, financial intermediaries, and financial leasing agencies have lists of high-risk countries, some of them use lists in the process of classifying and / or reclassifying customers. An exchange company reported that they included the names of those countries on their watch lists to monitor any transfers to and from people in these countries and to suspend remittances until obtaining documents proving the relationship between the originator of the transfer and the beneficiary and the purpose of the transfer. What is noteworthy is that a financial intermediary reported that it engaged with an individual from a prohibited country without clarifying the scope of the measures taken towards the customer and their transactions. On the other hand, a microfinance company reported that it has granted facilities to non- Jordanians and that part of its due diligence procedures is to verify customers through the relevant governmental bodies in terms of the legality of residency and the security status.
455. The assessment team considers that the adequacy of FIs approaches to high risk countries is largely satisfactory, notwithstanding the minor shortcoming referred to in the previous paragraph.

## **DNFBPs**

456. DLS which is responsible for the real estate which is becoming more important according to Jordan's context indicated that it has taken several measures concerning high risk countries. The assessment team examined some correspondences showing the refusal of purchase requests in favour of individuals from high risk countries for security reasons, knowing that there has been no case of ownership related to Iranian or North Korean nationals since 2013 until 1/10/2018.

457. While it became evident that lawyers, accountants, dealers in precious metals and stones, and real estate offices have a relatively poor understanding of the concept of high-risk countries and it varies between one sector and another and between an institution and another within the same sector. Not all these sectors (except DLS) have any specific procedures or measures regarding operations carried out in favour of or at the request of persons from or in high-risk countries.

**5.2.5 Reporting obligations and tipping off**

**FIs**

458. The banking and the exchange sector are considered the sectors most exposed to risks, as per the preliminary findings of the ML NRA. They are the sectors which have filed ML/TF SARs the most to the AMLU. The banking sector accounted for more than 75% of the total number of SARs received by the AMLU between 2016 and 2017. The exchange sector came in second place and the ratio of SARs submitted to the AMLU reached about 22% of total notifications during the aforementioned two years. In general, banks have sufficient awareness of reporting requirements and mechanisms and have resources and information systems to monitor unusual / suspicious transactions, contrary to DNFBPs that lack adequate resources and information systems. This is confirmed by the limited number of SARs submitted to the AMLU during 2013 and 2017. The following table shows the number of SARs received by the AMLU between 2013 and 2017 from reporting entities:

<b>Reporting Entity</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Banks	417	448	253	136	134
Exchange companies	169	90	61	15	16
Payment and collection services companies	6	10	-	-	-
Financial Services Companies	1	-	5	-	4
Real Estate Bureaus	1	-	-	-	-
Lawyers	1	-	-	1	-
Dealers in precious metals and stones	-	1	-	3	-
Insurance companies	-	1	-	-	1
<b>Total</b>	<b>595</b>	<b>550</b>	<b>319</b>	<b>155</b>	<b>155</b>

459. Banks and other financial institutions, including insurance and financial leasing companies, maintain systems for monitoring irregular or suspicious transactions, followed by human analysis in preparation for making the final decision on whether to keep the file or to report it to AMLU. Monitoring systems rely on scenarios 27 different in number and content between one institution and another and ranging from 10 to more than 100 scenarios. These scenarios also differ in terms of their relevance to the ML and TF risks that may face FIs operating in Jordan.

460. An insurance company affiliated with a foreign group relied on a monitoring system based on general scenarios that were added by the parent company abroad. It is difficult to assess whether these scenarios are in line with Jordan’s risks, especially that MITS did not conduct a sectorial risk assessment for the insurance sector. Furthermore, an exchange company reported that it relies on a special system for monitoring unusual operations based on scenarios based on specialization or experience in this area. There are concerns about the usefulness and relevance of these scenarios, given that exchange companies’

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<sup>27</sup> FIs, especially banks, insurance companies, and some exchange companies, have automated mechanisms to monitor the ongoing operations of their customers' accounts and to monitor any irregular transactions according to specific scenarios (most of which are not up to date). The number of alerts that are extracted daily from the scenarios is between 30 and 370 alerts. During the field visit most banks were questioned about the quality of extracted alerts. The following are examples of what was found in three banks:

- Out of 1500 alerts in 2017, 8 SARs were submitted to the AMLU, which in turn referred one SAR to the Public Prosecutor (equivalent to 0.006% of all alerts and 12.5% of the total SARs sent to the AMLU)
- Out of about 88,800 alerts in 2017, 92 SARs were submitted to the AMLU, which in turn referred one SAR to the Public Prosecutor (equivalent to 0.0001% of the total alerts and 1% of the total SARs sent to the AMLU)
- Out of 47000 alerts in 2017, 8 SARs were submitted to the AMLU, which in turn referred one SAR to the Public Prosecutor (equivalent to 0.0002% of the total alerts and 12.5% of the total SARs sent to the AMLU)

understanding of risks was considered to vary from weak to moderate. Also, one of the brokerage firms owned by a local bank reported that it relies on a unified system to monitor unusual transactions, which does not capture the varying nature of transactions, particularly that it is engaged in different activities, such as financial intermediation, asset management and corporate financing. There are also concerns on the suitability of the monitoring system considering the brokerage firm's expanded activities and the understanding of ML/TF risks that do not appear to be satisfactory as explained above.

461. In general, banks have mechanisms in place for reporting suspicious transactions. Assessors reviewed the average time taken by banks to analyse the suspicious transaction before filing an STR. It turned out that at least 2 of the 5 interviewed banks failed to submit an SAR in a timely manner, as indicated in box 5.2.5.1 below:

**Box 5.2.5.1: Examples on failure to submit an SAR promptly**

- The time frame needed by one bank to examine alerts before notifying AMLU may take up to 90 days. It was explained that this is due to the intense volume of the alerts totalling approximately 370 per day, while 10 analysts are involved in their review, analysis and screening. This means that each analyst reviews and analyses about 37 alerts on a daily and regular basis.
- Another bank explained that they are still holding onto an unusual transaction dating back to about four months

462. In 2017, AMLU archived 397 SARs, which is equivalent to 66% of the SARs received from banks and exchange companies, while it referred only 3 SARs to the public prosecutor (which is equivalent to 0.07%). This indicates that SARs sent by banks and exchange companies are either of a poor quality or that reporting entities are using a defensive reporting approach 22. This is due to several reasons that may not be limited to the following:

- Monitoring systems: most interviewed banks explained that they are looking forward to either updating or replacing their monitoring systems.
- Understanding of risks, especially TF risks that are considered poor.
- Analysis of alerts: Limited or non-specialized resources are devoted for the review of abundant number of alerts. This does not warrant the in-depth analysis of alerts that constitute the basis for a quality SAR.
- Absence of feedback on the relevance and effectiveness of the SAR (see IO 6).
- Absence of red flags and typologies that would enable banks to adapt them to their monitoring systems and risk framework (the AMLU has not conducted strategic analysis regularly as explained in IO 6).

463. The Banking Supervision Department explained that the nature of threats is characterized by a lack of information at the level of reporting entities and that the completion of information is often at the level of AMLU that has the ability to make an integrated decision regarding the presence or absence of suspicion.

464. Despite the high TF risks in Jordan, this is not consistent with the number of TF related SAR, considering that AMLU received 107 TF SARs between 2013 and 2017. In addition, the poor understanding of TF risks by FIs, especially banks and exchange companies has affected the quality of TF SARs reported to the AMLU, given that only 16 TF SARs were referred to the competent Public Prosecutor. This is reinforced by the fact that the guiding manual issued by reporting entities on the TF indicators focused on the indicators issued by the international entities in this regard, considering that the SARs did not contain sufficient indicators on potential TF operations (see IO.6 and more specifically the paragraph relating to the strategic analysis). Therefore, the assessment team considers that the reporting system is not realizing its full potential as a tool to detect potential TF operations.

465. Banks practice due diligence to avoid tipping off the customer and alerting them of the fact that they are the subject of an SAR filed with AMLU. The banks have taken measures to provide compliance officers with jurisdiction to access the notifications system to examine suspicious transactions. These procedures and measures will prevent tipping off customers, in addition to the use of a unified e-form by the Compliance Department to suggest that any inquiry is a routine procedure for updating the customer's file and not to complete the reporting requirements, as well as appropriate procedures and training to take

the necessary measures to avoid tipping off the customer on the reporting. However, one of the financial leasing companies maintains a unified account for its customers at one of the banks in Jordan and the latter informed the company that it had notified AMLU after noticing suspicious movements in its account, thus reducing the effectiveness of its reporting.

#### **DNFBPs**

466. DNFBPs have a poor understanding of the requirements and mechanisms of reporting and the party to be notified in case of suspicion. When concerned institutions were asked, it did not appear that they have filed SARs to the AMLU. When one of the owners of a DNFBP was asked about their reporting obligations, they said that they had doubts about transfers sent to their customer from abroad dating back to more than two years, and after asking the customer about them and about their source and purpose, they decided not to notify AMLU with the information they have on hand, but, they made it clear that they are still uncertain about their decision to dismiss the case and not to notify the AMLU about it.
467. The limited number of SARs from the DNFBPs sector is due to various reasons, mainly related to supervision and monitoring, which are almost non-existent, and their importance in enhancing the understanding of the entities about the elements of suspicion and ML/TF typologies, patterns and trends (refer to IO 3). The MOI (the supervisory body of jewellers and precious metals sector) explained that the low number of reports by jewellers and jewellery shops is due to the lack of skills among dealers in this sector in suspecting the extent to which the sale or purchase operation involves a ML activity and in complying with the principle of keeping the confidentiality of the customer's transactions executed by them.
468. It is worth noting that neither procedures nor controls have been issued for DNFBPs to prevent disclosing the fact that an SAR has been filed with AMLU. It was also found that DNFBPs are not aware of the tipping-off requirements.
469. DLS clarified that the prudential measures it applies prevent the real estate sector from being abused for ML/TF (see paragraph 430), which could explain the lack of SARs filed by real estate offices, knowing that the percentage of the volume of transactions executed through these offices from the grand total of transactions does not exceed 3.4% in 2017 and 2.8% in 2018, which is the equivalent of 3946 and 3565 transactions.

#### **5.2.6 Internal controls and legal/regulatory requirements impending implementation**

470. In general, FIs and especially Banks have internal controls and procedures to combat ML/TF. These include the application of CDD measures, record keeping, assigning a compliance officer, staff training, and assigning an independent audit function to test compliance with internal policies and controls at the group level including foreign branches.
471. Banks operating in Jordan adopt similar controls since they are based on the instructions in force. There is a difference in procedures due to the structures of the banks and because some of them are part of a financial group whose policies may include additional procedures. The policies and procedures of banks that have foreign branches are consistent with the instructions of the CBJ and with the instructions of the host country, and this is verified through onsite inspections. The most stringent rules and regulations are applied in cases of discrepancies between the requirements of the host country and the rules and instructions of the CBJ.
472. The Compliance Control Department of financial groups is responsible for preparing policies and disseminating them to all branches of the Group for their implementation. If the host regulatory authorities have special instructions or practices, they are examined by the said Department in order to benefit from them and reflect them on the Group's policies. The details of suspicious transactions are not shared within a single group, but the typologies of the transactions are examined by the Group's Compliance Control Department to reflect them on the Group's rules and scenarios. On the other hand, the laws in force in Jordan prevent banks from sharing details of suspicious transactions with their foreign branches, but they do not prevent them from sharing the typologies of transactions with these branches so they may benefit from them.

473. Other financial institutions, especially insurance companies, have special controls and procedures to combat ML/TF. The Oversight and Supervision Department of the CBJ monitors the compliance of institutions (except MFIs) with the instructions, policies and procedures established in the field of combating money laundering and terrorism financing, unlike most DNFBPs (Lawyers, accountants, notaries, jewellers and precious metal dealers), that do not have in place internal controls and procedures to combat ML/TF. As for real estate bureaus, they are subject to regular supervision and monitoring by the DLS. A sample of the reports on supervision and control results were examined and it was found that the degree of compliance of real estate bureaus with the AML / CFT requirements varies from one bureau to another. It is worth noting, that the role of real estate bureaus in combating is relatively very poor given that the final responsibility for the application of due diligence measures lies with the DLS as described above.
474. **Overall conclusions on IO.4: Jordan is rated as having a moderate level of effectiveness for IO.4.**

## Chapter Six: Supervision

### 6.1. Key Findings and Recommended Actions:

#### 6.1.1 Key Findings

- a. The legal procedures applied by CBJ (which oversees the financial sectors that have significant relative importance) in the area of licensing and registration significantly prevent criminals from entering the market and cover the cases of change in the ownership. These procedures are enhanced by good, unwritten practical measures to verify the identity of the beneficial owner. Other financial supervisors have acceptable registration and licensing controls in place, in terms of verifying the good conduct of the applicants through inquiries conducted by security bodies. Some of them rely on the CSPD and the CCD to determine the identity of the beneficial owner.
- b. DLS verifies the non-conviction of the applicants, yet the measures in place are not sufficient to identify the beneficial owner. The same applies to the MOI. The licensing and registration procedures of companies located in the free zone do not require the verification of the non-conviction for local shareholders in case of change of the ownership structure.
- c. CBJ, JSC and DLS have a good understanding of ML risks at the sectoral level, as opposed to other supervisory and control bodies. However, the understanding of all supervisory and control authorities of TF risks is weak.
- d. All financial and banking sector supervisory and control bodies have recently adopted a supervisory risk-based approach. CBJ (The Banking Supervision Department) and JSC have developed information programs especially for ML/TF risks. These programs enable to classify entities based on the degrees of risks and to determine the frequency and intensity of the inspection functions. The same applies to DLS.
- e. It did not appear that supervisory authorities were designated for lawyers and legal accountants in AML/CFT field, (Professional syndicate or AMLU)
- f. The penalties imposed by supervisory and control bodies vary in terms of their proportionality to the nature of the violation and their achievement of the purpose of dissuasiveness.
- g. The impact of supervisory measures on raising the level of compliance of the financial and banking sector is acceptable. This cannot be measured at the level of the DNFBPs sector, although DLS has taken important measures in this regard.
- h. There are efforts by the supervisory authorities of the financial sector and DLS in the field of training and awareness raising, but they need to be developed to explain the legal requirements and to clarify ways for their practical implementation, there is also a need to update the guidelines.

#### 6.1.2 Recommended actions:

Jordan authorities should:

- a. Establish written criteria in licensing and registration procedures for the identification of the beneficial owner, especially the foreigner and anyone exercising an effective control over the legal person, while seeking to give effect to the same measures in the event of a change in the ownership structure whether directly or indirectly.
- b. Require the verification of the non-conviction for the person for whose benefit a waiver request for shares in the ownership structure of a company existing in the free zone is submitted, before approval of the waiver request.
- c. Update the results of the sectoral risk assessment conducted by CBJ, JSC and DLS in line with the preliminary findings of the NRA and urge the other supervisory and monitoring authorities to follow the same approach by initiating or completing (for the insurance department) their sectorial risk assessment. .
- d. Disseminate the results of the national TF risk assessment, especially to the supervisory and control bodies and ensure the consistency of their understanding of TF risks with LEAs' understanding of such risks.
- e. Give effect to the risk-based approach to supervision among all the supervisory and monitoring authorities and complete the application of the same to the remaining parties, by adopting special programs to manage ML/TF risks to ensure that special inspections of high-risk subjected entities, the most important of which are the banking and exchange sectors, are intensified.

- f. Amend the provisions of 2007 AML/CFT Law to ensure the explicit designation of supervisory authorities referred to in Article 18 thereof, and to ensure that legal professions (accountants, lawyers and licensed notaries) are subjected to the mentioned law, and consider amending the legal framework of the irrevocable procuration;
- g. Strengthen and increase human resources within the inspection departments related to the supervising and monitoring authorities in the AML/CFT field, in order to increase the frequency and intensity of off-site / on-site inspections;
- h. Give effect to the principle of sanctions gradation commensurate to JSC and TRC with the nature of the violation and the imposition of financial sanctions and escalate if necessary, in such a way as to ensure compliance with the corrective programs within the specified time limits;
- i. Continue spreading the culture of compliance by intensifying and developing training and awareness raising programs and issuing guidelines on how to implement due diligence procedures and safeguard against latest ML/TF trends.

475. The relevant Immediate Outcome considered and assessed in this chapter is IO.3. The Recommendations relevant for the assessment of effectiveness under this section are R.26-28, R.34, and R.35.

### **6.2 Immediate Outcome 3: (Supervision)**

476. It became clear to the assessment team that there is a difference in the effectiveness of supervision between supervisory and control bodies. CBJ (the control department of the banking system) and JSC are characterized by an acceptable level of effectiveness from the other supervisory bodies in the financial sector. This is considered consistent with the necessity of making more efforts in relation to institutions subjected to its supervision, namely bank and exchange companies ranked as high-risk. As for the DNFBPs, DLS is making significant efforts, unlike the other supervisory bodies in this sector ranked as medium risk, particularly the Jordanian lawyers and legal accountants which are not subjected to AML/CFT monitoring and supervision (see chapter 1).

#### **6.2.1 Licensing, registration and controls preventing criminals and associates from entering the market**

477. The legal procedures applied by CBJ (Banking Supervision Department) in the field of licensing and registration significantly prevent criminals from entering the market and cover the cases of change in the ownership. These procedures are enhanced by practical sound measures not written and enable the verification of the identity of the beneficial owner.

478. The other financial supervisory and control bodies have acceptable controls for registration and licensing that enable to verify the good conduct of the applicants by asking security bodies for information, and some depend on the CCD and CSPD to identify the beneficial owner.

479. The DLS and the MOI, with the exclusion of other supervisors of the non-financial sector, verify the good conduct of the applicants for the license, and they have acceptable measures in place to identify the beneficial owner. Jordan informed that the licensing of real estate offices is only granted to the Jordanian natural person, while the licensing and registration procedures of companies located in the free zone do not require the verification of the non-conviction for local shareholders in case of change in the ownership structure.

#### **Financial Institutions:**

480. Supervisory and control bodies of the financial and banking sector follow unified legislative regulations concerning market entry, including licensing and accreditation procedures that determine the basis for organizing and monitoring their work (establishment of special structures to receive and study licensing and accreditation requests and determining the cases leading to its cancellation and listing the relevant formal and substantive conditions). Any person who provides financial services without a final written consent of the competent authority is in violation of the legislations in force and shall be subject to custodial and financial sanctions.

481. Apart from the fact that licensing entities have activated procedures to ensure the efficiency and integrity of governance and upper management structures and subjecting all subsequent changes that might occur to prior approval, it was noted that there is a disparity in the effectiveness of supervisory initiatives



to counter market penetration attempts. This is due to the fact that the procedures of some supervisory and control bodies of the financial and banking sector (The Money Exchange Control Department, JSC, InD, and TRC) lack the following:

- Identify the initial source of capital to be invested and to assess the solvency of key shareholders and their ability to provide additional financial support, when needed;
- Take appropriate measures to verify the identity of the beneficial owner and those related to him, by having a full knowledge of the ownership structure of the legal person, and by tracking the direct or indirect controlling shares (and determining their proportions) and subsequent changes that might be made or the actual control over the legal person;
- Conduct periodic inspections (both onsite and offsite) to ensure that the licensing conditions are continuously observed.

482. The licensing and registration procedures of CBJ require the collection of information about any person who wishes, individually or jointly with others, to own or to increase the ownership of an influential interest in the capital of any bank based on his / her statements (supported by official documents) on the proportion of the controlling interest and his/her financial solvency and ownership with others of shares directly or indirectly in all banks, banks' subsidiaries or those controlled by banks and related information. The Central Bank maintains records of such requests. It is also resorting to the meeting minutes of the General Assembly of Banks, which provides information regarding the shareholders attending such meetings, the proportion of shares of capital and cases of recourse to delegation of powers by way of proxy, which shall also be used to disclose the identity of the person exercising ultimate effective control.

**Box 6.2.1.1 Practical case regarding its objection to sell shares in a bank**

The Central Bank presented a practical case regarding its objection to a deal to sell shares in a Jordanian bank. The case involved a universal fraudster who indirectly owned a controlling interest through an investment fund that was created in Singapore to launder his money, and without obtaining the approval of the Central Bank as required by the law. The Central Bank informed those responsible for the fund that the dealing which was concluded is null and void, since day one and in view of the procrastination in providing the Central Bank with the ultimate beneficiary information, the representatives of the fund at the board of directors of the bank were forced to resign, which convinced the US court to rescind its decision to freeze the bank's property which was issued a few months after the dealing. Jordanian official institutions also helped and facilitated the confiscation of the fraudster's funds in favor of a US company that had filed a lawsuit against him and the ownership of the bank's shares was transferred to it in order to sell them at a later stage. A decision on the case was issued by the US court, where a reference was made to the efforts of the Central Bank (as a supervisory authority of the banking sector) and its efficiency in dealing with the case, identifying the beneficial owner and preventing criminals from entering the banking market, and it also mentioned that it had an impact on changing a legal rule in the USA (Separate Entity Rule).

483. These procedures also include special measures for verifying the identity of persons holding senior management positions through the CCD 28 database and verifying the validity of local official documents through the Civil and Foreign Status Database by resorting to the authentication process (in coordination with the concerned diplomatic missions), as well as access to available information systems.

484. CBJ indicated that it had rejected all license applications totalling 5 that were received during the period from 2013 to 2017. The CBJ also presented 5 practical cases regarding the rejection of the application for appointment of persons holding senior management positions (Board member, Deputy Director General, compliance officer, member of the Shari'a Supervisory Board and Executive Director of the Compliance Department) and 4 cases on the acquisition of an effective interest, due to the lack of efficiency and suitability. This indicates that the CBJ is satisfactorily implementing the banks licensing procedures.

485. As for exchange companies, the CBJ conducts background checks on shareholders and senior management mainly from the GID and the PSD (with respect to good conduct). In this context, 24 inquiry

<sup>28</sup> By accessing the corporate database, it turned out that the information related to some companies is not up-to-date and that the figures on the identities of shareholders and disposers are not available, as well as the absence of information about agents. This information is included only in minutes of public meetings (see IO 5).

letters concerning 85 persons were sent to these departments during 2015, 2016 and 2017. In some suspicious cases, it resorts to the AMLU and the IACC. On the other hand, an inquiry is conducted about the applicant through an informative system that comprises the international ban lists. The legislation in force granted CBJ the power to receive and study applications submitted by exchange companies in the event of a change in their status (capital of the company or change of management) in a way that covers the verification of the identity of the beneficial owner, including in the event of a change in the ownership structure. However, it is worth noting that CBJ relies on precautionary measures to detect natural and legal persons engaged in banking activity without license, where the role of the CBJ interacts with whistle-blowers and complaints that it subsequently sends to LEAs, with a view to initiating a public civil lawsuit against them. The General Security Directorate was approached regarding 25 relevant cases detected during 2015, 2016 and 2017. On this note, CBJ adopted preventive measures to detect the natural and legal persons who are engaged in the money transfer activity without license. These measures included the issuance of preventive circulars by CBJ particularly addressed to the banking sector, to prevent the use of personal accounts for purposes relating to money exchange business, as well as the use of a special card to identify the Syrian refugees when conducting any banking transactions, in addition to the creation of an internal committee at CBJ since 2016 to analyse the feedback received from AMLU and reflected in the efforts made by security authorities and the intelligence investigations made by the GID to detect any money exchange business exercised without a license.

486. On the other hand, it was found that the CBJ received 27 exchange company license applications, 16 of which were rejected, for AML/CFT reasons. The reasons for refusing the application for license in general centre around “the violation of the regulatory formal or substantive procedural conditions” and they are the same reasons for giving effect to the disciplinary procedures. This is also attributed to the adoption of a subsequent offsite and onsite screening approach in this context, which does not meet the prudential aim sought after from the proactive measures.

487. The measures activated by JSC rely on the licensing registers and the Securities Depository Center registers that are connected to the civil status system data. JSC obtains a recent certificate of non-conviction for the persons in charge of the executive management for felony or misdemeanour "breach of honour and public ethics". Yet, these measures are not sufficient to identify the beneficial owner. The license file includes data relating to the owners and their shares, while considering the legal nature of each company. The JSC has reported its refusal to 3 application for accreditation, during 2015, 2016 and 2017, out of 82 application for accreditation and 34 applications for license, for failure to meet the legal requirements, which were fulfilled later.

488. Regarding InD and TRC, there is no information related to the practical procedures to identify and verify the beneficial ownership and to prevent criminals and their associates from holding or being the beneficial owner of a controlling interest in licensed companies or holding a management function in insurance companies. This is basically due to the scarcity of human, technical and financial resources allocated in this regard at the InD, as reported by the officers. However, the InD indicated that the supervisory and monitoring role over the insurance sector will be entrusted to the Central Bank soon, to ensure more success in this regard. On the other hand, it was reported that over 100 cases of licensing services provided without a license were detected and referred to the monitoring authorities over the past two years<sup>29</sup>.

#### **DNFBPs**

489. The procedures for the licensing of jewellery shops and real estate offices are based on a pattern that calls for the intensive interaction of the security service (particularly GID and PSD), when inquiring about the non-conviction of the applicant. These procedures do not enable the identification of the beneficial owner, especially with regards to the legal person. Decisions to deny license remain very limited in view of the total number of applications received. The MOI recorded 5 requests that were rejected out of 134 requests in 2016 and 2017. This does not enable to verify the extent to which accurate and effective measures are being applied to this end. Rejections were due to security reasons related to the founders and

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<sup>29</sup> Some breaching companies rushed to the Telecommunications Regulatory Commission to obtain the necessary license required for the provision of postal services and to reconcile their legal situation.

to the failure to meet the supervisory requirements. As to real estate offices, the measures applied rely on cooperation with the security bodies and inquiry about the non-conviction of the applicant, knowing that the license is only granted to the natural person having the Jordanian nationality. Yet, the practical measures of the DLS are still insufficient and do not enable to identify the beneficial owner.

490. Licensing procedures for real estate offices by DLS are limited to the verification of good conduct and non-conviction for a felony or misdemeanour that constitutes a breach of public honour and ethics., noting that license is granted only to a natural Jordanian person, but, the practical procedures of DLS remain insufficient to prevent criminals from entering the market and do not enable the identification of the real beneficiary. The total number of applications for registration and accreditation/grants reached 81 during 2015, 2016 and 2017. The DLS indicated that 19 licenses were suspended, and 8 licenses were cancelled during 2016 and 2017 for reasons of injunction. It mentioned that it addressed 12 warning sanctions in 2017 and 9 in 2018 for non-compliance of offices with the AML/CFT requirements.

491. On the other hand, licensing and registration procedures for existing companies in the Free Zone do not require the verification of the non-conviction for local shareholders in case of assignment of shares for their benefit, which raises the possibility of exploiting this sector for prohibited purposes. It became clear that in the event of refusal by the MOI of a registration request for an existing company in the free zone, the applicant shall be notified by an official letter without specifying the reasons for such refusal.

## **6.2.2 Supervisors' understanding and identification of ML/TF risks**

### **Financial Institutions:**

492. CBJ (the Banking Supervision Department and the Money Exchange Control Department) and JSC have a good understanding of the ML risks at the sectoral level (based on the statistics and information collected for this purpose and the periodical data they receive and which ensures the identification of these risks in an estimated manner). This was perceived during the onsite visit through the presentation of the sectorial risk matrix. It appeared that the results of the CBJ sectoral assessment necessitate to be updated as they relatively differ from the preliminary findings of the national ML risk assessment. The sectoral assessment of banks and exchange companies has shown that the risks facing both sectors ranged from medium to low, while the preliminary findings of the national ML risk assessment classify them as high risk. Notwithstanding, the results of the sectorial assessments are not considered significantly different from the results of the national risk assessment; however, this requires that that should be updated to anticipate this difference, so that they take into consideration all the national risk assessment data, particularly when it will be completely finalized. It appeared to the assessment team from the on-site interviews conducted that the understanding of the other supervisory and control bodies of the ML risks faced by the sectors they supervise is absent (see IO.1).

493. With regards to the TF risks, the understanding of all supervisory and control authorities of risks remains weak, which was clearly evident through the meetings held with each authority apart. Their failure to participate in the risk assessment process (see IO 1) contributed to the absence of this understanding, as reported by the officers at the concerned governmental departments.

### **DNFBPs**

494. The DLS has a good understanding of the ML risks, as it based its understanding on a sectoral assessment which revealed that the risks facing the sector are moderate due to the significant use of cash. Accordingly, the DLS took measures that prevent the use of cash and that require the seller and the purchaser to produce, upon the signature of the sale and purchase transaction in the Directorate, a certified cheque issued by a licensed bank in the Kingdom, in case the sale price is above a fixed amount, so as to limit the risks of dealing in cash ; therefore, the preliminary findings of the national ML Risk Assessment concluded that the risks facing real estate offices are low. Thus, this requires updating the sectoral assessment.

495. The other supervisory authorities of DNFBPs were characterized with a weak understanding of the ML risks and they have not undertaken the ML risk assessment at the sectors they supervise, for various reasons which could be related to the lack of human resources or the lack of experience in initiating the risk assessment process. (refer to IO 1).

496. Regarding the TF risks, the understanding of all supervisory and control authorities of risks remains weak. This conclusion is based on discussions held with various entities during the onsite visit, given that it also appeared that they did not participate in the risk assessment process which was exclusively entrusted to the GID (refer to IO 1), as reported by the officers at the competent governmental departments, except for the DLS which prohibits some nationalities from neighbouring countries which are considered as hotbeds of tension from owning real estate property in border areas and limits ownership to other areas subject to security approvals. These initiatives are not associated with a risk study, but they are the result of interaction with the security constraints associated with this sector.

### **6.2.3 Risk-based supervision of compliance with AML/CFT requirements**

497. Jordan proceeded with the implementation of the risk-based approach to supervision among some supervisory and monitoring authorities; however, it needs to complete the application of the same among the remaining entities. It also needs to intensify specialized inspections of high-risk subjected entities, the most important of which are the banking and exchange sectors.

#### **Financial Institutions:**

498. CBJ (Banking Supervision Department and the Money Exchange Supervision Department) and JSC adopted a risk-based approach to supervision, while it did not appear whether the other less relevant supervisory authorities of the financial sector have adopted a risk-based supervisory approach that relies, in terms of causes and determinants, on the threats and vulnerabilities that permeate the internal FI systems (Institutional governance, policy and internal controls, information systems) that have been detected as a result of offsite/onsite inspections and the consequent risks that necessitate scheduling of tasks, determining their frequency and volume, in line with the importance of risks identified, so that efforts are concentrated towards entities most exposed to these risks. The scope of control at these entities is often limited to ensuring compliance with applicable legislation and the response of the risk management internal policy to its requirements. It is worth noting that these authorities are currently working on the preparation of studies to include these risks.

499. In this regard, CBJ (Banking Supervision Department) has benefited from the technical assistance of the US Treasury for adopting a guide for off/onsite supervision related to AML / CFT (July 2008). This guide was revised in 2018 for conformity with the revised international standards, to take into consideration the risk-based approach at all stages of control (annual monitoring program, allocation of appropriate human resources, orientation towards priority areas, targeted exams), taking into account risk mitigations adopted by each bank.

500. The procedures adopted by the CBJ are partially based on risk-based control in line with the risk structure. CBJ relies on an internal program (CAMELS based) and not on a specific system for the purpose of ranking banks according to their degree of ML/TF risks. The AML/CFT represents, in all its criteria, one of the components of this program. A new independent program (AML and CFT risk profile), has been introduced based on the identification of the inherent risks of each bank (geographic risks, product and service risks, customer risks, and service delivery channel risks) as well as risk mitigation assessment, which contains 5 key items and more than 160 sub-questions, has been launched and supervised by a specialized department. Based on the program's output, a field control plan is being prepared to carry out strict inspection tasks for high risk banks and has been implemented since May 2018. The establishment of the annual on-site inspection plans rely on criteria related to the size of risks inherent to the bank, the bank ranking, the date of completion of the last inspection mission conducted on the bank, the date of completion of the remedial program or date agreed upon for addressing the major observations made in the last inspection mission and the extent to which there are negative indicators inherent to the bank through the off-site supervision, particularly during the periods where no inspection mission is conducted.

501. The number of thematic inspection missions in the area of AML / CFT remains low given the size of the sector and the risks identified at the sectorial level, as they did not exceed five missions in 2013 and 2015. In this context, no mission was initiated during 2016 and 2017. This is mainly due to the lack of human resources, according to the statement made by the officers of the Banking Supervision Department during the onsite visit, who considered that 29 offsite supervisors and 40 onsite supervisors are still not

enough to encompass the size of the sector. It is worth noting that during the years where no inspection missions were scheduled; the external auditor was relied upon to cover the aspects related to the AML/CFT obligations, as a supplementary measure aimed at supporting CBJ analysis in this regard.

<b>Table 6.2.3.1: Statistics on Inspections</b>						
<b>Years</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018(*)</b>
Number of licensed banks operating in the Kingdom	26	25	25	25	25	24
Number of inspection rounds (note that all regular rounds include the scope of AML/CFT)	6	4	13	6	5	12
The total number of inspectors who participated in inspection tasks	33	18	61	23	25	62
Including Thematic inspection missions for ML/TF	3	0	2	0	0	6
Number of inspectors in Thematic missions	13	0	7	0	0	26
(*)The names of a number of employees may be repeated for their participation in more than one mission						

502. CBJ (Exchange Supervision Department) has also adopted an approach for off /on-site inspections of money exchange companies (Totalling 109 partnerships companies, 16 Limited partnership companies and 15 limited liability companies), which include a reference to the broader risk of non-compliance, which constitutes 25 % of the total risk weight. Based on statistical template filled by the exchange company, the inspector shall provide a general estimate of the risks of the company, which will affect the nature of the procedures to be followed, the planning of subsequent inspection visits and, accordingly, the establishment of a general inspection plan for the sector. The Analysis and Surveillance Section examines the ML/TF related to the development of new services, while the Inspection Section carries out field inspection rounds. The frequency and intensity of the onsite inspections relevant to targeted exams are not sufficient considering the size of the sector and the risks it faces, where the missions imply only the verification of the extent to which the concerned companies are compliant with the professional regulations, with the exclusion of the AML/CFT regulations. The absence of enhanced inspections of high-risk companies was also noticed. The concerned Department declared that the average annual inspections reached 81 during and the period from 2013 to 2017. The assessment team inquired about the scope of these missions by examining their high number, where the statements made by the officers of the Department revealed that this number covers the offsite and the onsite inspections conducted to verify compliance with the exchange legislations and observance of the licensing conditions, and it represents 85% of the total number of inspections. They also revealed that the inspection rounds vary in terms of their duration and the number of the inspection team members based on the size of the companies' operations and the nature and variety of the services and products they provide, given that the inspection of small and/or low risk companies does not take more than three working days at the latest, with a team formed of (2 to 3) members. The study of data, documents and supporting evidence of the operations is desk-based, and conducted with the assistance of off-site supervision staff; while the number of the inspection team members for high-risk companies is higher and the duration of the inspection is longer and based on the company's risk profile. These missions include the conduct of supplementary checking rounds aimed at verifying these companies for compliance with the remedial actions. Exchange companies are also verified for compliance with the AML/CFT requirements, through the certified accountants who undertake to assess the adequacy of exchange companies policies and procedures and to include the same in the results of the reports submitted to CBJ, periodically and when necessary.

503. On the other hand, CBJ did not initiate its actual supervision of the microfinance sector.

504. JSC has also initiated the implementation of a risk-based approach based on an electronic risk classification system for brokerage companies, as well as a newly approved Guide to Inspection and Identification (composed of 105 items) to mitigate risks. The off-site and on-site inspection by the AML / CFT Section (has been introduced since 21/3/2016) is based on the annual accountant's report and on a model consisting of 8 core items and 50 sub-questions, and which appears to include reasonable criteria for ranking. As a result of this approach, JSC adopted in March 2018 a plan for onsite inspection based on the classification of the risks of brokerage companies. During the first half of 2018, the JSC carried out 19 inspection rounds out of 60 licensed entities that concern high and medium-risk companies. These measures remain recent and their effectiveness couldn't be assessed fairly.

505. The InD is still in the initial phase of the preliminary study of the sectorial risk, with 20% achieved as of the end of the onsite. It is not yet implementing a risk-based approach to supervision. The scope of desk inspection is to ascertain the insurance sector's compliance with the legislation and the response of the internal risk management policy to its requirements. This inspection was conducted by an external accountant who concluded the non-compliance of about 50% of the sector, while only one onsite inspection was undertaken by InD despite the small size of the sector. Based on its current approach, the InD does not rely on criteria supported by a risk classification information system, instead, it relies mainly on the size and distribution of the insurance portfolio as a single indicator. The InD pointed to its weak human and financial resources, which have become part of the general budget of MITS since the abolition of the Insurance Authority. It is worth noting in this regard that the insurance sector in Jordan was ranked as low-risk.

#### **DNFBPs**

506. DLS, which is responsible for a sector that is important in Jordan's context (see chapter 1), is the only DNFBP supervisor implementing a risk-based approach to supervision. Other supervisory authorities of DNFBPs and self-regulating entities do not rely on a risk-based approach to supervision, and this includes the sector of dealers in precious metals that is becoming more important in Jordan's context, as on-site inspection committees are limited to examining compliance with applicable legislation in the AML/CFT field, except for the DLS which relies on a new inspection methodology in the form of a checklist consisting of 19 main inspection points to be checked during the periodic on-site inspections. This methodology reached an overall assessment indicating that the risk of real estate sector is low. In addition, DLS also relies on an IT system to obtain accurate statistical reports (documentation of all violations and sanctions, number and nature of sanctions and penalties, complaints submitted, number and scope of inspections and classification of risk level by type).

507. DLS has adopted a special program aimed at computerizing all real estate offices data in the area of AML / CFT, documenting the statements and obtaining statistical reports. This program contains several components, the most important of which relate to violations of the requirements of self-assessment of ML/TF risks, violations of other AML / CFT requirements, violations of the requirement for enhanced measures for high risk situations, nature and number of penalties imposed on the concerned office, the objections filed, number and scope of inspections based on RBA, classification of real estate offices' risk level by type of risk.

508. It was also noted that there was a conflict in terms of determining the authority to supervise and control the lawyers in the field of AML/CFT, despite the practice of all the activities mentioned in Article 13 of Law No. 46 of 2007 (which include establishing companies on behalf of others, providing consultancy for this purpose and managing all types of funds and accounts). The practice also involves the establishment and operation of Trusts abroad for Jordanians to regulate inheritance (in order to avoid Shari'a rules). It was also found that the legislation does not allow the Jordan Lawyers syndicate to impose any sanction unless a penal error is found resulting from a breach of customary professional duties, without including AML/CFT requirements.

509. The Association of Certified Public Accountants was not keen to enforce this Law through both regulation and supervision, since the text did not explicitly state the obligations of the CPAs in the AML/CFT field, as they undertake the establishment of companies on behalf of others and provide consultancy to this end. It is also confirmed that licensed notaries draft irrevocable procuration that might constitute a legal tool to circumvent the controls governing sales contracts. The lack of AML/CFT supervision for lawyers, accountants and notaries is not regarded as a fundamental or major shortcoming, based on the ranking of the sector as medium risk.

#### **6.2.4 Remedial actions and effective, proportionate, and dissuasive sanctions**

510. The sanctions imposed by supervisory authorities vary in terms of their proportionality with the nature of the violation and their achievement of the purpose of dissuasiveness.

#### **Financial Institutions**

511. CBJ has followed a disciplinary procedure that takes into consideration the scaling principle. The

practical cases monitored during on-site inspection cycles between 2013 and 2016 indicated 29 violations, mainly non-compliance with the legal regulatory provisions (due diligence, reporting SARs, keeping records) and weak internal control and monitoring systems, especially concerning unusual operations. In response to these violations 20 warnings were issued, while 9 cases called for financial penalties ranging between 10,000 and 100,000 JOD, roughly USD 14,000 – 140,000. In cases of recurrence, banks which are in breach of their obligations were asked to appoint experts (subject to the prior approval of CBJ of the party to be contracted with ) in order to perform a comprehensive examination of the compliance and submit proposals to remedy the deficiencies. In addition, some banks were requested, in view of the seriousness of the violations, to adopt time remedial plans approved by the senior management, which require subsequent follow-up by the inspection teams. 213 violations were found but were not of the level that required remedial actions. Based on the foregoing, the assessment team deems that the sanctions imposed on banks for breaching the AML/CFT requirements are considered effective and dissuasive to a certain extent.

512. In the same context, the inspection teams of CBJ underlined 56 violations against money exchange companies, during 2015, 2016 and 2017, in relation to the lack of due diligence and failure to keep records, which resulted in the issuance of penalties ranging from written warning, to temporary ban on transfers and temporary closure; however, it did not appear that any financial sanction was imposed. Therefore, the assessment team deems that the sanctions applied against some companies in breach of the AML/CFT rules are considered effective, proportionate and dissuasive, given that the temporary prohibitions to make transfers or the temporary closure serves as a message to other entities implying that non-compliance with the instructions is not tolerated.
513. In view of the recent marketing of payment services, CBJ deemed it better to temporarily guide and support the companies payment sector to remedy the situations rather than imposing sanctions.
514. JSC reported that it applies the sanctions gradation principle according to the nature of the violations committed, given that it has the power to impose financial penalties up to JOD 100,000 against the breaching companies. While JSC detected only two violations of the AML/CFT instructions against two brokerage companies, after which it imposed a fine of only JOD 500 and recorded it in the register, while penalties were imposed against the violators (warning, fine, record in the registry, suspending the company's business) towards companies that violate the rest of their professional obligations stipulated in the Securities Law and the regulations, instructions and decisions issued thereunder. Therefore, the assessment team deems that the sanctions applied against companies in breach of the AML/CFT instructions are not considered effective, proportionate and dissuasive, which could result in the repetition of the same breaches.
515. The same applies to the Telecommunications Regulatory Commission, which imposed only one penalty (of an unclear nature) against a postal service provider for having violated due diligence procedures (opening accounts for unlicensed companies), and to the InD, which suffers from insufficient human resources which lead to reconsider the scope of inspection that have become limited to cases involving companies whose financial or administrative status is at risk or cases associated with a complaint and those that require referral to the public prosecution (the practice of insurance without a license and the suspicion of corruption and disclosure of false financial statements).

#### **DNFBPs**

516. During the last quarter of 2017, DLS issued 12 warnings against real estate offices following 14 inspection visits. Officers reported that this is, from their standpoint, commensurate with the nature of the violations detected; however, the sanctions imposed on real estate offices remain ineffective and non-dissuasive (since they had a warning nature), which would entail the repetition of these violations. In 2018, the Ministry of Interior made two visits to the jewellery shops, but no violations were detected. The rest of supervisory authorities for DNFBPs and self-regulating entities did not conduct any inspection visit, and consequently no measures have been taken for non-compliance with AML/CFT requirements.

## **6.2.5 Impact of supervisory actions on compliance**

### **FIs:**

517. The CBJ follows up on the implementation by banks of the corrective measures within the time frame allotted for this purpose. Failure to adopt the corrective measures within the specified time-frame shall result in the automatic escalation of the penalty to a more severe penalty (application of a financial sanction or increase of the amount of the previous fine, as well as address a written warning to the compliance officer and entrust him with non-supervisory functions).
518. CBJ is working on an inventory and a study of corrective measures to address shortcomings (mainly by reviewing the extent to which internal compliance structure is consistent with the legal requirements and increasing qualified human resources and enhancing their technical capacity through training and awareness courses, updating the control systems used, and strengthening the compliance of the branches with the existing regulations) and providing on-site inspection team with an explanatory summary of its role to verify the extent to which the banks comply with corrective measures. However, data reveals that the corrective plans are not completely applied by banks. 15 cases were identified (during 2014 and 2015), of not complying with the remedies out of 93 and they were remedied by the end of the periods set for remediation. Accordingly, the measures taken by the CBJ had a positive impact on the level of compliance of some banks with the AML/CFT requirements, and this is supported by the decrease in the number of violations identified.
519. CBJ follows the same approach vis-a-vis exchange companies by scheduling supplementary inspection rounds designed to ensure their commitment to take corrective measures. Otherwise, the compulsory liquidation procedures will follow.
520. Given the explanation provided on the adoption by the CBJ of a policy aiming at supporting providers of payment services for the novelty of this field, no criminal measures are taken against them, and given that the CBJ has not initiated its supervision over the micro-finance sector, it is difficult for it to assess the effectiveness of the prescribed measures.
521. In the absence of severe financial penalties, and the other issues relating to the recent (or incomplete implementation, such as InD) implementation of the risk-based supervision, it was not possible to determine the impact of the JSC efforts and the InD on improving the level of compliance of the entities subjected to their supervision.

### **DNFBPs**

522. DLS made significant efforts to supervise real estate offices, by imposing several sanctions which have improved, although they had a warning nature, the effectiveness of real estate offices in complying with the AML / CFT requirements, and the decrease of risks posed by these offices in general, based on the nature of their work (see IO.4).
523. The rest of DNFBPs' supervisory authorities did not conduct any measures that could increase the compliance of entities subject to their supervision.

## ***6.2.6 Promoting a clear understanding of AML/CFT obligations and ML/TF risks***

### **FIs and DNFBPs**

524. CBJ continues to update its rules in relation to the compliance of banks with due diligence and internal control and oversight, as well as the rules of institutional governance, to ensure their compliance with the requirements of the relevant international standards. It also continues to issue instructions to clarify legal provisions and present operational indicators.
525. CBJ also pays particular attention to capacity-building by intensifying the training and awareness-raising workshops in the area of compliance, with priority given to the most prevalent predicate offences such as embezzlement, theft, forgery, fraud and new criminal patterns, especially electronic crimes, and the need for unified knowledge and application of the legal texts, as well as their proper implementation. CBJ is keen to hold high-level meetings with senior management of banks, and with its technical departments to discuss strategic and operational issues. It appears that the efforts made by the CBJ have assisted enhance



the banks understanding of their obligations and relevant ML risks, but did not lead to the same results as regards the understanding of TF risks and the implementation of TFS which are considered unsatisfactory (see IO.4).

526. The training module for the employees of money exchange companies is insufficient. Their initiatives are limited to their participation in the CBJ's sessions regarding the risks that may undermine financial stability and their periodic reporting on operational issues that do not cover combating ML and TF offences, and relying more on money exchange companies to provide spontaneously on-going training for their human resources. The same applies to other components of the financial sector (securities, insurance sectors and postal services). The workshops in which the said institutions participated did not seem to have helped enhance their understanding of their obligations and risks in the light of the deficiencies set out in IO.4, namely those related to the understanding of ML/TF risks which is considered unsatisfactory.
527. There are efforts made by the DLS to promote the real estate offices' understanding of the AML/CFT requirements and ML/TF risks, but these efforts need improvement and remain very limited (or inexistent) among other DNFBPs. This requires the implementation of measures to promote this understanding, particularly among the precious metals sector which is becoming more important in Jordan's context.
528. **Overall conclusions on IO 3: Jordan is rated as having a Moderate level of effectiveness for IO.3.**

## **Chapter Seven: Legal Persons and Arrangements**

### **7.1 Key Findings and Recommended Actions:**

#### **7.1.1 Key Findings:**

- a) Information on the establishment and types of legal persons is available through the website of each of the CCD (concerning companies) and the MITS (concerning individual companies), and the information on waqfs is also available through the website of MOAIAHP.
- b) There are efforts to assess the risks of some legal persons which are represented by banks undertaking a self-assessment of risks and vulnerabilities of legal persons that should hold bank accounts under the law, and the assessment of legal persons subjected to licensing by supervisors. However, competent authorities have not systematically identified, the vulnerabilities and assessed the risks of all types of legal persons in Jordan.
- c) The concept of the beneficial ownership is not clear among most of the supervisors of legal persons, considering the absence of measures and guidance on how to identify the beneficial owner.
- d) A large amount of basic information on legal persons is maintained when they are registered on the websites of the CCD and MITS (particularly most institutions created after 2008). This information is updated upon change or renewal. Both said websites can be searched, based on various criteria, and this information is available and free of charge.
- e) The MSD plays a central role in registering NPOs (through the Register of NPOs), although it does not make all the information publicly available on its website.
- f) The Jordanian law permits to impose sanctions against legal persons; however, no sanctions were imposed on legal persons and legal arrangements as a result of violations related to basic or BO information.
- g) MOAIAHP has acceptable information on the ownership of Waqf and their beneficiaries. Investment in Waqf is subject to critical procedures which are sufficient to limit their exploitation in ML/TF operations.

#### **7.1.2 Recommended Actions:**

- a) Jordan should complete the identification of the vulnerabilities and risks of legal persons and legal arrangements that might lead to their misuse for ML/TF purposes and should accordingly create appropriate mechanisms to prevent their misuse in ML or TF.
- b) Supervisors of legal persons and legal arrangements should benefit from training courses, guidelines and other awareness-raising means, in order to raise awareness of these entities about the BO concept and how to identify and verify the BO, provided that this also includes raising awareness among the employees of the MITS, MSD and the Jordan Free and Development Zones Group and guiding them regarding the indicators and methods of misusing legal persons in ML/TF operations.
- c) CCD should improve the accuracy of the registered corporate information and ensure the update of its data in a timely manner.
- d) The Individual Companies Registry Department should seek to identify the number of institutions which were created before 2008, by collecting their basic information and verifying that it is being updated in a timely manner.
- e) The Register of NPOs should accelerate the pace of electronic registration and update of the NPOs information and consider the extent to which it is possible to make all the information concerning NPOs (including the names and data of all members) available through the website.
- f) MITS, MSD and MOAIAHP should consider reviewing the sanctions related to persons who fail to comply with the legal persons information requirements and should verify that effective, proportionate and dissuasive sanctions are being applied in this regard.

529. The relevant Immediate Outcome considered and assessed in this chapter is IO.5. The Recommendations relevant for the assessment of effectiveness under this section are R.24-25.

### **7.2 Immediate Outcome 5 (Legal Persons and Arrangements)**

530. Different types of legal persons and arrangements can be established, according to the legislations in Jordan, however, no comprehensive assessment was made for the ML/TF risks nor the vulnerabilities of legal persons and legal arrangements which can be misused for these purposes were identified.

### 7.2.1 Public availability of information on the creation and types of legal persons and arrangements

531. Information on how to create each type of legal persons, such as companies and individual institutions, is publicly available, through the Ministry of Industry, Trade and Supply<sup>30</sup>, given that the country provided guidelines on the requirements for the creation and registration of each type of these institutions and companies. Searches related to companies could be conducted through the CCD website, as well as individual companies. The websites could be used to conduct searches through different options, including the name of the company / institution and the name of the partner and the national number of the company / institution and the national number of the partner.
532. The “Jordan Free and Development Zones Group” is a government-owned company. It is considered as the main developer of the free and development zones in Jordan. It consists of 6 free zones and two development zones (until the end of 2016, the number of companies having a capital of JOD 1,81 billion (approximately USD 2,54 billion) reached 4239). The group provides various services, such as transit trade, developing international trade exchange, promoting export industries and storage of merchandise.
533. It relies on law No.58 of 2003 on the registration and licensing of institutions in the free zones, , that this provides procedures for the registration of companies (with limited liability, joint liability, limited partnership or foreign companies) and the beneficial owners. It also seeks to obtain the required documents and to duly register the company and declare the same based on assets.
534. The information on NPOs is available through the website of the Ministry of Social Development. The names of NPOs that have been approved for registration are published in the Official Gazette in implementation of the provisions of the NPO law, however, not all the information on NPOs are publicly available on the website.
535. There are no trust funds in Jordan, but nothing prevents foreign trust funds from using the Jordanian financial system. It appeared to the assessment team that there are no foreign trusts that hold bank accounts in Jordan, and the banks undertake due diligence measures towards a customer acting on behalf of a trustee. Additionally, lawyers establish and operate trusts outside Jordan on behalf of Jordanians who usually tend to regulate inheritance in order to avoid Shari’a rules.
536. The Waqf (Endowments) are contracts and fall under the supervision of MOAIAHP. They are controlled and regulated by the Ministry, and the information about Waqf that are established at the MOAIAHP is also available. The Ministry’s website also provides sufficient information about the mechanism of donation and registration of Waqf as well as a large number of relevant services and procedures.

### 7.2.2 Identification, assessment and understanding of ML/TF risks and vulnerabilities of legal entities created in the country

537. Capitals of exempted companies and limited liability companies in Jordan are remarkably increasing; however, as previously mentioned, no comprehensive assessment of the risks of legal persons was undertaken nor the vulnerabilities were identified, assessed and understood.
538. The five following nationalities dominated the total investments of non-Jordanian nationalities:

Table 7.2.2.1: Nationalities dominating the total investments		
Serial No.	Nationality	Capital for the nearest million (JOD)
1	Iraqi	123 million (approximately USD 173 million)
2	Syrian	120 million (approximately USD 169 million)
3	Emirati	63 million (approximately USD 88 million)
4	Saudi	54 million (approximately USD 76 million)
5	Libyan	52 million (approximately USD 73 million)

<sup>30</sup> The website for inquiries about companies is ([www.ccd.gov.jo](http://www.ccd.gov.jo)) and the website for inquiries about individual establishments is (<https://mit.gov.jo/>)

539. These nationalities are linked to countries where Daesh terrorist organization is still present, which increases the importance of identifying, assessing and understanding vulnerabilities and considering the changes made while Daesh was present in some countries to which the persons who control the legal persons in Jordan belong. However, this was not undertaken by the Jordanian authorities.
540. It was found that banks conducted a self-assessment of the risks and vulnerabilities of legal persons which should hold bank accounts under the law (public and private shareholding companies and limited liability companies). They represent only 60% of the legal persons in Jordan.
541. Jordan reported that NRA covered legal persons, and it was found that the risks associated with them are low. Supervisors also identified and assessed the risks of legal persons subjected to the licensing requirements, including banks, exchange companies, financial intermediation companies, insurance companies, real estate offices and associations; however, no relevant information was provided. In addition, Companies Control Department and the companies Register did not appear to have a clear understanding of ML/TF risks and associated vulnerabilities.
542. Jordan Free and Development Zones Group's understanding is considered weak and inconsistent with Jordan's risks. The group did not identify or assess the free zones vulnerabilities of ML/TF risks and it is worth noting that the preliminary results of the NRA did not cover the free trade zone, its level of risks was not assessed and the group did not participate in the national risk assessment.
543. As regards NPO risks and the extent to which there are effective measures to mitigate them, they were mentioned in detail in the analysis of IO.10.

### **7.2.3 Mitigating measures to prevent the misuse of legal persons and arrangements:**

544. All the legal persons and legal arrangements are required to be registered. The registration process is subject to a mechanism and templates that include the submission of several documents (such as the memorandum of association and the identity card) containing the basic information and other information to be verified through desk-based monitoring. It appears that the lack of human resources in view of the limited financial resources inhibits the application of more accurate procedures upon registration, such as the on-site verification of the activity and other procedures, such as the financial declaration.
545. The authorities have taken several other measures to combat the potential misuse of some of the legal persons for ML/TF purposes. However, such measures are not comprehensive to prevent criminals from establishing all types of companies. These measures are limited to conducting security screening when establishing certain commercial activities or when making a change in their ownership structure (such as (trafficking of arms, chemical materials and explosives, fireworks and alcohol production.) and some nationalities considered as high-risk (Iran, North Korea). As a result, the assessment team has concerns about the potential misuse of legal persons for ML/TF purposes.
546. When the company ownership structure is changed, it is not updated in a timely manner in the CCD register, and the security screening for new owners is not conducted.
547. Banks implement several due diligence measures, when opening a bank account, to verify the identities of the owners, and also sources of funds by examining the documents and through usual visits of their customers. Mechanisms for on-going monitoring of accounts by banks help detect any unusual transaction.
548. MOAIAHP did not issue any instructions or written procedures regarding the implementation of measures to combat the misuse of waqfs under its supervision for AML/CFT. It conducts a security screening before registering waqfs under its supervision, (several individuals have already been refused to invest based on security information).
549. MOI issues approval for some particular companies and activities (non-profit – branch of a foreign company). The following table shows statistics of the approved requests (for different purposes) for 2017.

Table 7.2.3.1: statistics of the requests / MOI				
Type of Request	No.	Requests	Approved	Rejected
Request to establish a non-profit company	41		14	27
Request for establishing a foreign company - branch not operating in Jordan	33		23	10
Request for funding for a non-profit company	31		31	0
Request for establishing a company for the purpose of dealing in gold, jewellery, precious metals and precious stones for the year 2017	61		59	2

550. The procedures undertaken by MOI in examining the submission documents (including the security screening and international inquiries of foreigners) greatly limit the possibility of exploiting these companies in ML/TF operations. The extent to which there exists security information about the nature of the person (or any of his relatives) and its association with a criminal behaviour (criminal or drug) is among the reasons for the refusal of registration of companies, in order to ensure that they are not exploited for ML/TF purposes.
551. All the mitigating measures taken by Jordan Free and Development Zones Group are limited to requiring the security approval from MOI only for foreign investors before registering the company, in addition to the security and customs screening. These measures remain insufficient to prevent misuse of legal persons for ML/TF risks given that security screening measures are not applied in the event of transfer of the ownership.
552. As regards the measures for the prevention of misusing NPOs in TF, they were mentioned in details in the analysis of IO.10.

#### 7.2.4 Timely access to adequate, accurate and current basic and beneficial owners of legal persons in the country:

553. The BO concept is still not accurately clear to most entities (CCD, the Individual Establishments Register, and the NPOs Register), especially in the absence of measures and guidance for each of the entities on how to identify the BO. Consequently, authorities (including LEAs) and the private sector (including FIs) are not adequately benefiting from the information available or which is held by the said authorities. As a result, the assessment team has concerns about the potential misuse of legal persons for ML/TF purposes.
554. All the authorities can obtain information on companies through the following:
- **Website of the Companies Control Department:** the basic information available on the website is not always sufficient and accurate. The more recent the company is, the more accurate the information. However, in case the company is owned by a foreign company, the information would be limited and would not comprise the names of the owners. It is also found that no measures were taken to ensure the accuracy of data submitted upon registration, considering that some local companies do not provide sufficient information, such numbers of national identities or the full name. It is also found that this information is not updated in a timely manner (but only upon the owners' wish or upon the renewal of the register).
  - **Website of the Ministry of Industry, Trade and Supply:** Authorities rely on the website of the Ministry of Industry, Trade and Supply for most of the (basic and BO) information on companies and institutions they seek to obtain. In rare instances, some authorities also draw upon formal correspondence of the Ministry to obtain basic or BO information. The information available on the website is accurate even if updates are not made periodically. The BO of Jordanian companies can be reached through the website. However, BO information on foreign companies cannot be obtained.
  - **Formal correspondences:** sufficient and accurate *information* could be provided in a timely manner through formal correspondences, according to the records maintained by the Commercial Register Department; they help identify the BO of local companies, and they were actually used but in a limited manner, while the information on beneficial owners of foreign companies is available to a limited extent.

555. It is worth noting that the basic information on individual institutions is properly available through the website of the individual institutions register, unlike the basic information on institutions which were created before 2008. The more the individual institution is new (post 2008), the more accurate its data is. It was also found that no measures were taken to ensure the accuracy of data submitted upon registration and that this information is not updated in a timely manner
556. All the authorities draw upon the correspondence made in paper form to the Ministry of Social Development, to obtain basic information on associations, considering that the Ministry is responsible for the registration of associations through the NPOs register and does not make all the information available for the public on its website. The information available on the NPOs Register website provides data on the national number of the NPO, its address and the supervising ministry. As for the other information related to the names of members and their data, it is kept in the NPO files at the ministry concerned with each NPO, given that all NPOs are required to provide the ministry with information about any change made to their activities.
557. Under the NPO Law, any Minister has the right to request any information from the NPO at any time. Information is provided through written requests and in a timely manner. This basic information is current, given that the change is made only after obtaining prior approvals. However, the BO concept is still absent.
558. Furthermore, in case of insufficient information from the above sources, authorities can seek more information on BO from the private sector mainly from FIs. According to LEAs, this practice allowed them to obtain needed information in a timely manner. However, the information held by FIs could be inaccurate and useless given that the procedures for verifying the identity of beneficial owners are insufficient and ineffective among FIs (refer to IO4).
559. In general, it is found that there are mechanisms for the provision of basic information on several categories of legal persons in Jordan. However, there are vulnerabilities related to some information maintained, in terms of its comprehensiveness, periodical update or timely access. The absence of BO concept affected the failure to provide relevant information in a timely manner, among most of the authorities, even though authorities were able to access some BO information through several formal correspondences with the competent authorities. These correspondences were insufficient and do not enable the provision of information on BOs of foreign companies.

#### **7.2.5 Timely access to adequate, accurate and current basic and beneficial ownership information on legal arrangements**

560. Information on Waqfs and parties thereto is kept in the Waqf Registration Section and remains available for all authorities upon request, including LEAs.
561. When a waqf is registered, its ownership is transferred to MOAIAHP, and security check is undertaken as regards its parties. No specific instances of abuse had come to the attention of authorities thus far.

#### **7.2.6 Effectiveness, proportionality and dissuasiveness of sanctions**

562. Jordanian authorities have powers to impose sanctions (warning, writing off and others) when any person or company violates the provisions of the Companies Law, the Trade Names Law, the NPOs Law or the regulations issued. The perpetrator is referred to the public prosecutor for necessary action. However, no sanctions were imposed on companies or associations for non-compliance with the basic information and/or BO information requirements.
563. MSD explained that no sanctions were imposed for the violation of the requirements related to NPO information.
564. MOAIAHP explained that no sanctions were imposed on investors (lease or investment), for the violation of the requirements related to waqf information.
565. **Overall conclusions on IO. 5: Jordan is rated as having a (Low) level of effectiveness for IO.5.**

## Chapter Eight: International Cooperation

### 8.1 Key Findings and Recommended Actions:

#### 8.1.1 Key Findings:

- a. Jordan responds to incoming requests for MLA and in general the average time taken to respond is acceptable. However, there is a delay in responding to some cases and there is mechanism for the prioritization of requests, though it needs improvements.
- b. Extradition of criminals in Jordan is low considering its risk context. In addition, it did not appear that there are extradition cases associated with ML offense, and extradition in TF cases is weak.
- c. The country submitted a low number of legal assistance requests, which negatively affects the effective combating of cross-border crime in general and the ML offense in particular and also the potential chances of confiscating the criminal proceeds outside the Kingdom.
- d. Considering Jordan's risk profile and although there are investigations indicating that some terrorist operations, that Jordan was exposed to, were linked to external parties, that used to provide logistic or financial support, there are no outgoing requests for legal assistance or extradition in this regard. The country reported that it was due to the presence of external parties in the tension zones, which make it difficult to request legal assistance or extradition in these circumstances. However, the assessment team could not perceive the extent to which this has affected Jordan's ability to request such assistance, particularly that it has received several requests for legal assistance from some of these regions; which indicates that it has effective mechanisms for international cooperation.
- e. Jordan benefits from informal cooperation conducted by LEAs, the regulatory authorities and Customs Department by exchanging information with their counterparts in general. However, it is limited in the AML/CFT field among supervisors and Customs Department.
- f. The Military Court of Justice did not request any legal assistance or extradition of criminals for drug crimes, although drugs come from abroad and its proceeds rank third as the highest proceeds of crime at the national level (refer to IO 1). Authorities use controlled delivery technique in drugs cases.
- g. AMLU provides information by collecting information from databases it has direct access to or through a number of written procedures for several parties, according to the type and requirements of the international request, which promote the AMLU role in international cooperation in the AML/CFT field.
- h. Response to international requests for cooperation on basic and BO information of legal persons and arrangements is limited, because of the poor quality of the information.

#### 8.1.2 Recommended actions:

- a. Competent authorities that do not have a specialized unit for international cooperation, mainly Public Prosecution, Income and Sales Tax Department, should consider enhancing or establishing international cooperation units to ensure proper implementation of international cooperation requests, according to the necessary procedures.
- b. Competent authorities should enhance the role of Jordan, to extradite criminals and consider the obstacles which limit the execution of extradition requests. In case extradition was not possible, ensure the completion of their trial proceedings.
- c. Jordan should review and improve the mechanism for receiving international cooperation requests and improve prioritizing the response to such requests, to ensure the prompt and effective response, particularly when the number of requests increases to ensure effectiveness; it should also provide guidance to requesting countries on the documents and information which are required in order to process these requests.
- d. Jordan should, in general, promote and increase the number of requests for legal assistance and enhance other forms of international cooperation to trace, seize and confiscate funds, in a manner that would combat crime at the international level, and in Jordan, in particular.
- e. Jordanian authorities, in particular MITS, MSD, MOFA, should review the procedures and mechanisms for responding to the international requests for cooperation on basic and BO information of legal persons and arrangements, thereby ensuring the provision of accurate and updated information in a timely manner.

566. The relevant Immediate Outcome considered and assessed in this chapter is IO.2. The Recommendations relevant for the assessment of effectiveness under this section are R.36-40.

## **8.2 Immediate Outcome 2: (International Cooperation)**

567. International cooperation is important to Jordan considering its geographical location in a region that suffers from existing conflicts and is bordered by several countries that have suffered or are still suffering from conflicts and the presence of terrorist organizations, such as ISIS and Al-Nusra Front, as well as its social structure in light of the influx of refugees and displaced persons from a number of neighbouring countries suffering from conflicts. The importance of international cooperation becomes even more important with the presence of land borders with countries where it is difficult to control their borders and arrest infiltrators and smugglers, thus increasing the heavy burden on the Jordanian Border Security service.
568. Jordan ratified all the international agreements on combating crimes and examined several bilateral agreements with several countries in relation to requests for MLA, extradition and transfer of convicts. International agreements in Jordan prevail over national legislations.
569. Jordan has a specialized entity for the provision of legal assistance and another for extradition. Legal assistance is provided in accordance with signed agreements and MOU or in accordance with the principle of reciprocity.
570. Except for some competent authorities (such as Public Prosecution and Income and Sales Tax Department), most authorities have divisions specialized in international cooperation. However, the absence of a competent department for international cooperation at Public Prosecution has remarkably affected the efficiency of international cooperation in general (outgoing requests, in terms of number and incoming requests, in terms of effectiveness). MOJ is considered the competent authority to submit and receive such requests directly or by diplomatic channels through MOFA.
571. Information (financial, supervisory and security) is also exchanged in different ways according to international organizations to which Jordan has acceded, or to the signed agreements or MOU or in accordance with the principle of reciprocity.
572. MOJ transfers requests received from the requesting country to the competent judicial authorities and at the same time transmits the requests received from the Jordanian judicial authorities to the requested authorities. Legal assistance and extradition procedures are judicial rather than administrative.

### **8.2.1 Providing constructive and timely MLA and extradition**

#### **Mutual Legal Assistance (MLA)**

573. The Manual for Criminal Justice and Law Enforcement Officials on International Cooperation in Criminal Matters” was issued in 2017<sup>31</sup>. It included practical measures taken in respect of requests for legal assistance. The said manual determined the practical measures taken when processing the assistance requests received by Jordan. However, the absence of specialized units at some authorities (mainly Public Prosecution and Income and Sales Tax Department which has a department for processing international conventions) increases the time taken to process these requests. The following is a case study regarding a request for assistance, that took a long period of time, upon its referral from the Ministry of Foreign Affairs to the competent authority as detailed below:

#### **Box 8.2.1.1: Case regarding a request based on a letter received from an embassy**

Date of the request made to the country (letter of an embassy, dated 22/11/2016).

Recipient entity (Ministry of Foreign Affairs and Expatriates).

Date of receiving the request by Public Prosecution: (13/12/2016)

Type of request: (legal assistance) “Interrogation” of the claimant for the purpose of completing the trial for the theft crime committed by several persons

The authority which provided the assistance: (The Public Prosecutor of Oman).

Date on which the said authority received the request: (21/12/2016).

<sup>31</sup> The manual consists of five focal points (introduction, legal basis for international cooperation, conditions and principles to be fulfilled in the legal assistance requests, practical measures for submitting requests for assistance and judicial cooperation, forms and annexes). It was prepared by several national authorities (the judicial council, the Ministry of Justice, the General Security Directorate and the National Human Rights Council).



Information it provided: he was heard as a witness on 10/1/2017 and accordingly the content of the legal assistance was executed on the said date.  
 Date of receipt of the response by the Ministry of Justice: (10/1/2017).  
 Date of receipt of the response by the Ministry of Foreign Affairs: (25/1/2017).

574. Jordan receives written requests for MLA and requests for the extradition of criminals through the diplomatic channels or Interpol through Public Security. MOJ is the competent central authority responsible for receiving such requests. All requests for legal assistance are sent in writing to the Department of International Cooperation at MOJ, which consists of five employees. The average response time is considered acceptable, although there are late conditions for some cases, which sometimes are justified due to missing essential elements. On the other side, despite the presence of a practical guidance for Criminal Justice and Law Enforcement Officials regarding International Cooperation in Criminal Matters, the request is handled without sufficient procedures. This affected the promptness of the response and of the execution of the requests, namely those related to seizure or confiscation of assets to prevent their movement, transfer or disposition<sup>32</sup>.
575. The Public Prosecution may, due to the lack of information in the request of assistance, request additional information.
576. The Military Court of Justice is considered the authority responsible for the legal assistance and extradition requests sent in relation to TF and ML cases related to drugs. and informed the assessment team that during the past three years, it has not received or sent a request for legal assistance or extradition in ML/TF cases, which is inconsistent with the regional risks inherent to the country.
577. During 2015, Jordan received 8 requests for MLA, 6 of which were from Iraq, and in 2016, it received 18 requests 8 of them were from Iraq.
578. As indicated by the country, the average time to respond to the international cooperation requests varied between 3 to 6 months which is a reasonable period, in general.. However, given the absence of sufficient mechanisms to assess and prioritize incoming requests, this could entail a failure in dealing with the most serious requests in a faster way; which is confirmed by the countries comments regarding a delay in responding<sup>33</sup>..
579. During 2017, Jordan received 66 MLA requests from 23 different countries, and the major crimes involved were drug trafficking, fraud, and a request for assistance as regards the seizure of funds and a request for information on a bank account, and other aspects of other assistance, as detailed below:

<b>Table 8.2.1.1: international cooperation requests and outcomes during 2017-2018</b>	
Type and outcomes of the requests	Number
Requests executed	29
Requests unexecuted for lack of translation	1
Requests unexecuted for death	1
Requests kept at the request of the requesting county	1
Requests in progress	34
<b>Total</b>	<b>66</b>

580. It appears from the above table 3435that Jordanian authorities executed 44% of the total requests, while only 3 requests were not executed, for reasonable reasons, as mentioned above. It also appears that

<sup>32</sup> The country highlighted during the first face-to-face meeting that written procedures are being prepared at all the authorities in order to deal with the incoming requests. The program of the Ministry of Justice (Meezan) which is an electronic system that includes all the information on the requests for mutual legal assistance and requests for extradition was also developed to support the written procedures, but the assessment team was not able to measure the effectiveness of the measures or the application of Meezan System on the work performance, given that this took place after the on-site visit..

<sup>33</sup> The Public Prosecution has established a specialized department for international cooperation (following the on-site visit).

<sup>34</sup> It was obtained by the country and analysed six months after the end of 2017

52% of the requests are still under execution. The country mentioned that there are requests under execution due to shortages in the requests it receives, such as the failure to enclose substantial documents or ambiguity of the request. Jordan communicates with the concerned countries, in order to complete the requests. One of the countries in the region that suffers from the presence of terrorist organizations, reported that it sent 123 legal assistance requests to the Jordanian authorities, which were all rejected. However, Jordan provided the documents related to the rejection of these requests, which revealed that they comprised assistance requests related to seizure and confiscation and there should have been a decision issued in their regard by a judicial authority from the requesting country, but this was not provided with these requests.

581. There is cooperation between the competent authorities on requests for MLA, and there has been an improvement in 2017, compared to the previous years, as indicated by the authorities during the onsite visit. This is basically due to the issuance of the abovementioned manual which explains the procedures and functions of each authority, thereby facilitating the processing of information request at the domestic level, but this cooperation still varies in degree and speed from one authority to another due to the absence of units specialized in international cooperation or to the lack of human resources at some of these entities.

***Extradition:***

582. Regarding requests for extradition, the MOI (General Security) is the body that executes requests for extradition of criminals in coordination with MOJ. The following table shows the number of individuals extradited based on international requests and international cooperation through MOI (General Security - INTERPOL):

<b>Table 8.2.1.2: Statistics on extradited individuals</b>	
<b>Year</b>	<b>No. of Extradited Individuals</b>
2015	11
2016	13
2017	16
<b>Total</b>	<b>40</b>

583. The crimes committed by the persons mentioned in table 8.2.1.2 above are represented in criminal offenses and other crimes related to the issuance of cheques, fraud, embezzlement, and violation of job obligations. They do not include cases of extradition of criminals associated with ML or TF offense. , Despite the increase of risks relevant to drug trafficking (since Jordan is a transit country and despite the international dimension of this crime), the extradition requests as per the information provided by the county, did not comprise persons accused of this crime, which is not consistent with Jordan risks.

584. The table shows a slight increase in extradition requests during 2017. However, some requests were returned to the requesting country because of significant reasons and dual-nationality (according to what was mentioned by some countries in their response to the questionnaire and to all the conventions ratified by Jordan, as it does not extradite its own nationals). Yet, Jordan mentioned (in the face-to-face meeting) that it has extradited criminals with dual nationalities in 2002 and 2018, by virtue of a judgment issued by the Court of Cassation, which is the highest judicial reference in Jordan. In general, the assessment team could not perceive the extent to which the country prosecutes the persons whose extradition was rejected for dual nationality.

585. Based on the results of the international cooperation questionnaire, it appears that countries are facing difficulties with Jordan in extradition; however, the country reported that the Jordanian judicial authorities do not usually rule in favour of the execution of the extradition because the country requesting the extradition did not fulfil some legally required conditions to execute the requests. The assessment team was not provided with more clarifications on the nature of these conditions. A neighbouring country mentioned that it sent (30) requests for international cooperation, only 4 of them were executed (that included only one request for extradition), while (26) requests were rejected and suspended. A country in the region stated that three requests for restitution of wanted persons to Jordan were sent, (2) of which (concerning Jordanian nationals) were rejected and one is still pending (because the concerned person is out of sight). Therefore, most extradition requests made by neighbouring and regional countries situated in

the danger zone have been rejected. The country stated that the execution of the requests is being rejected due to the conditions mentioned in the agreements and in case the rules of international courtesy apply, the execution is rejected if it compromises the sovereignty or the public order, or if it violates the national legislations.

586. Jordanian courts considered, in 2017, that the bilateral convention made with a neighbouring country is not valid due to the inappropriate ratification under the domestic law. As a result, extradition requests made by the said country were rejected.

**8.2.2 Seeking timely legal assistance to pursue domestic ML, associated predicate and TF cases with transnational elements**

587. Despite the current situation surrounding Jordan (presence of ISIS in Iraq and Syria, and the flow of drugs through its territory), Military Justice Court has not made any legal assistance request for dangerous crimes in Jordan, particularly the drug crimes (ranked in the third place in terms of criminal proceeds at the national level, see IO 1). The legal assistance requests made by Jordan in the field of ML and associated predicate offences are considered low in general, despite its geographical location in the region<sup>36</sup>. The country mentioned that the reason behind the assistance requests related to TF is the presence of external parties in the tension areas, which makes it difficult to make requests for legal assistance or extradition in these cases. The assessment team could not determine the extent to which this situation affects the practical reality.

588. The Public Prosecution shall issue MLA and extradition requests based on the results of investigations or upon requests by competent LEAs. These requests shall be sent to MOJ and then sent through the diplomatic channels of MOFA to other countries.

589. Legal assistance requests for 2015 totalled 14 requests addressed to 12 countries. The legal assistance requests for 2016 reached (18) requests addressed to (15) countries, while in 2017, the legal assistance requests reached (77) requests addressed to (24) countries. They varied between fraud, intimidation, and extortion and (2) requests were related to three ML offenses, as follows:

Type of Request	2015		
	2015	2016	2017
Electronic crime	2	-	
Human trafficking	1	-	
ML offense	-	3	2
Forgery	-	2	
Fraud, intimidation and extortion	11	13	75
<b>Total</b>	<b>14</b>	<b>18</b>	<b>77</b>

590. The number of outgoing MLA requests related to ML and predicate offences is considered low compared to the number of such crimes and their proceeds in Jordan (see IO.1). This was reinforced by several factors, including low parallel financial investigation, which affects the effectiveness of combating cross-border crime in general, especially money laundering, as well as potential opportunities to confiscate the proceeds of crime outside the Kingdom. The country explained that the low number of requests is due to the absence of evidence proving that the proceeds of crimes are being transferred abroad; given that the preliminary results of the NRA showed that around 20% of these proceeds are being transferred abroad.

591. The Military Justice Directorate did not submit any request for legal assistance or extradition related to TF or drug cases. This would negatively affect the effectiveness of the Directorate, taking into account Jordan’s risk profile.

<sup>36</sup> During the face-to-face meeting, GID provided two cases, during 2018, which involved an outgoing international cooperation request for extradition where one of the wanted persons was extradited

**8.2.3/8.2.4 Seeking and providing other forms of international co-operation for AML/CFT purposes**

592. Financial, supervisory and law enforcement information is exchanged through various channels, such as the diplomatic channels or through agreements and treaties (CBJ and JSC) or in accordance with the principle of reciprocity or in accordance with the requirements of the international organizations that have been joined, such as General Security Directorate (through Interpol), Customs, JSC and AMLU.

**Law enforcement and security agencies:**

593. The General Security Directorate based on bilateral cooperation and in accordance with international conventions or bilateral agreements with countries, exchanges information related to LEAs (in a timely manner) through INTERPOL and with respect to Arab countries, it exchanges information through the Council of Arab Ministers of Interior of the League of Arab States and its liaison offices in the Arab countries.

594. To practice the above procedure, the below table shows the number of internationally wanted persons whose names were circulated through INTERPOL: it appeared that there is a satisfactory cooperation that resulted in an increase in the number of wanted persons from 28 in 2013 to 105 in 2017. No persons wanted for being involved in ML cases were received or extradited, even if one of them was circulated in (2016) for being related to a ML case.

<b>Year</b>	<b>No. of Requests</b>
<b>2013</b>	28
<b>2014</b>	25
<b>2015</b>	33
<b>2016</b>	83
<b>2017</b>	105
<b>Total</b>	274

595. Preventive Security Department in the General Security Directorate is a security intelligence unit that collects and analyses information both inside Jordan and abroad through the International Cooperation Department, which has close relations with the security attachés in embassies in Jordan.

596. The Anti-Narcotics Department monitors intelligence work on cases of illegal drug trafficking through the International Cooperation Department (Controlled Delivery). 34 cases were coordinated with a number of neighbouring and regional countries, based on the nature of cooperation provided by other countries and the circumstances of the case itself. An increase in the number of coordinated cases was noticed during 2013, 2015 and 2016; which could be acceptable; yet, it still needs improvement, based on Jordan’s risk profile, namely as regards the illicit trafficking in drugs, according to the following table:

<b>Year</b>	<b>No. of Cases</b>	<b>Participating Countries</b>
<b>2013</b>	8	Jordan, Saudi Arabia
<b>2014</b>	4	Jordan, Saudi Arabia and Israel
<b>2015</b>	11	Jordan, Saudi Arabia
<b>2016</b>	8	Jordan, Saudi Arabia and the United Arab Emirates
<b>2017</b>	3	Jordan, Saudi Arabia and Bahrain
<b>Total</b>	<b>34</b>	-

597. GID also cooperates on security and intelligence with many of its counterparts in the world in the field of combating terrorism and its financing for the purpose of exchanging information about terrorist activities and organizations. In this respect, GID cooperates with most of the intelligence agencies regionally and internationally in the field of exchange of information and expertise to counter extremist ideology, especially in European countries. The intelligence partnerships efforts of GID with its counterparts resulted in:

- Disrupting (45) terrorist operations that were planned by terrorist elements targeting sisterly and friendly countries.
- Suppressing networks and lines for the transport of terrorist individuals and falsify documents used by terrorist networks and illegal immigration networks.
- Monitoring the movement of FTFs and exchanging information about them with the intelligence agencies in other countries, and discussing strategies to reduce this phenomenon, as well as keeping an eye on returnees from the battlefields and establishing mechanisms for dealing with them.

598. The volume of reports exchanged by GID with other intelligence agencies in the field of combating terrorism in all its forms during the five years totalled 25,976 reports. This number of reports indicates the effectiveness of the GID in exchanging information.

<b>Table 8.2.3/8.2.4.3: reports exchanged by GID in combating terrorism</b>					
<b>Year</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Total</b>	3925	4849	5132	5839	6231
	<b>25,976</b>				

**Supervisors:**

599. CBJ exchanges supervisory information in accordance with MOU signed with other central banks, in order to strengthen relations and reach a common vision in matters related to the exchange of information and supervisory legislation. 7 MOUs were signed after 2013. There are also a number of MOUs signed with other regulatory bodies before 2013.

600. Assessors faced some difficulties in accessing accurate statistics on the number of requests for the exchange of supervisory information made by the CBJ from 2014 to 2017. The CBJ reported that it has been communicating with the home supervisory authorities of the Jordanian banks abroad, on an on-going basis, through correspondence, phone calls, on-site visits and supervisory groups. It also provided statistics in this regard; however, these statistics did not provide information on the extent to which responses to requests are being provided in a timely manner. The following two tables show the number of international requests related to exchange companies and banks.

- For exchange companies:

<b>Table 8.2.3/8.2.4.4: regulatory information exchanged from 2014 to 2017</b>		
<b>Year</b>	<b>No. of outgoing requests</b>	<b>No. of incoming requests</b>
<b>2013</b>	<b>1</b>	<b>1</b>
2014	1	2
2015	3	1
2016	2	1
2017	3	2
<b>Total</b>	<b>10</b>	<b>6</b>

- For banks:

<b>Table 8.2.3/8.2.4.5: regulatory information exchanged from 2014 to 2017</b>		
<b>Year</b>	<b>No. of outgoing requests</b>	<b>No. of incoming requests</b>
2014	1	-
2015	13	11
2016	9	7
2017	6	3
<b>Total</b>	<b>29</b>	<b>21</b>

601. This exchanged information comprised the regulatory mechanisms, the legislative frameworks, the information on the financial sectors and the activities of foreign branches and subsidiaries of banks and supervisory reports.

602. The box below provides examples of international cooperation cases received by the CBJ and which

promote supervision over the banking sector in general and the exchange companies, in particular:

**Box 8.2.3/8.2.4.1: Cases illustrating the mechanism of (incoming) international cooperation**

- Letters were sent from the Central Bank of Syria during 2014, 2015 and 2016, which informed CBJ of the regulatory mechanisms adopted by the Bank to regulate and control their money exchange companies as well as a list of Syrian money exchange companies authorized to deal with Jordanian money exchange companies.
- During the years 2015, 2016 and 2017 The Palestinian Monetary Authority (PMA) provided CBJ with the latest list of Palestinian exchange companies authorized to deal in foreign remittances.

603. JSC has signed 7 MOUs with Arab and foreign countries in the field of mutual cooperation. JSC also signed an MOU with the International Organization of Securities Commission IOSCO; the MOU is an international cooperation memorandum that sets out frameworks for cooperation and information exchange between member regulators.
604. JSC exchanged information according to MOUs and according to IOSCO, as follows:

Table 8.2.3/8.2.4.6: Number of requests according to MOUs / IOSCO			
Year	No. of requests /MOUs	No. of requests / IOSCO	Type of Information
2013	0	2	- Information about a company owned by a Jordanian. - Contact details of a Jordanian in the framework of an investigation conducted by the Australian Commission
2014	0	0	-
2015	0	2	Bank statements to assist in an investigation undertaken by an international securities body. Inquiring about a natural person if he is licensed by the Commission
2016	2	1	- Obtaining information about a company registered in Jordan. - (2) Inquiring about the accreditation of a natural person
2017	0	0	-
<b>Total</b>	<b>2</b>	<b>5</b>	

605. The table above shows that JSC received a total of 5 requests for cooperation from external counterparts, as the average of annual requests is one request per year. It was also apparent that there is no request in 2014 and 2017. It was also noticed that JSC is not relying on international cooperation mechanism in strengthening the AML/CFT system, namely when considering the license applications for financial intermediary companies, which would enable it to satisfactorily conduct the fit and proper tests before granting the license, periodically, throughout the license period to ensure that the fit and proper criteria are met, as regards foreign shareholders, or managers or senior officers.

**AMLU**

606. In 2012, AMLU joined the Egmont Group, this enabled it to provide various forms of financial information exchange and any available information that it has access to. AMLU exchanges information, related to combating ML and TF and associated criminal activities, with counterpart FIUs through the Egmont’ Secure Web or through bilateral cooperation using MOUs (24 MOUs).
607. The number of requests for international cooperation received by the AMLU totalled 296 requests during the period (2013- 2017) according to the following table:

**Table 8.2.3/8.2.4.7: incoming requests from counterparts (members and non-members of the Egmont Group)**

Year	Number of requests as per suspicion stated in the request			No Answer	Pending	Average days for processing requests		
	ML	TF	Total			ML	TF	Total
2013	47	6	53	-	-	36	42	37
2014	44	12	56	-	-	31	15	28
2015	59	12	71	1 (ML)	-	29	38	30
2016	49	16	65	-	2*	22	34	25
2017	31	20	51	-	-	29	28	29
<b>Total</b>	<b>230</b>	<b>66</b>	<b>296</b>	<b>Daily average</b>		<b>29</b>	<b>31</b>	<b>30</b>

\* A letter was sent to the counterpart FIU to provide AMLU with additional information so that it could study the requests, but no response was received from the counterpart FIU in this regard.

608. The table shows that the AMLU receives a significant number of requests that reached, between 2013-2017, 230 requests related to money laundering and 66 requests related to TF, which were completely answered, except for one request that was not answered and two others which were pending. However, AMLU communicated with a counterpart FIU requesting further information, without receiving any response to its request. It is also noticed that the period of time taken by the AMLU to respond to counterpart FIUs ranges from 25 to 37 days, which is considered satisfactory, according to the Egmont Group criteria; this highlights the importance given by the AMLU to cooperation with foreign FIUs.

609. If the information requested by the counterpart FIU relates only to AMLU’s database (which is very low), the response is sent within a maximum period of 5 days. The number of these requests is considered low, given that it ranged from two to four requests during the period of 2013-2016.

610. Between 2015 and 2017, 187 international requests were received as regards 733 natural persons and 323 legal persons. Considering the AMLU’s reliance on the website of the CCD and the Individual Companies Registry Department to respond to most of the requests related to legal persons, the quality of the information provided is not comprehensive or sufficient, particularly as regards the beneficial ownership information (see IO 5).

611. The analysis of the number of the incoming requests shows that around 70% of them are received from the USA (around 32%), Palestine (around 14%), Bahrain (around 12%) and Iraq (around 11%); which is consistent with the regional risks inherent to Jordan; however, some of these countries made negative observations on the promptness and quality of response by the AMLU.

612. The number of outgoing international cooperation requests reached (68) during the period of (2013-2017), according to the following table:

**Table 8.2.3/8.2.4.8: Outgoing requests from counterpart FIUs (members / non-members of the Egmont Group)**

Year	Number of requests as per suspicion			No Answer	Average days for processing requests			
	ML	TF	Total		ML	TF	Total	
2013	9	-	9	-	53	-	53	
2014	9	2	11	-	144	104	137	
2015	9	2	11	2 ML	104	31	88	
2016	13	3	16	1 TF	32	70	38	
2017	18	3	21	1 ML	39	48	40	
<b>Total</b>	<b>58</b>	<b>10</b>	<b>68</b>	<b>Daily average</b>		<b>74</b>	<b>63</b>	<b>69</b>

613. The table above shows that the number of requests sent by the AMLU to its counterparts indicates a slight progress during the period of 2013-2017, given that the number of requests related to ML reached 9 in 2013 and 18 in 2017, while the number of requests related to TF witnessed an increase from two requests in 2014 to 3 in 2017. However, this is not consistent with Jordan’s risk profile.

614. In the context of the international cooperation questionnaire, 5 countries mentioned several difficulties they are facing with Jordan. They can be outlined in the provision of counterpart FIUs with information that is often insufficient to make use of, the absence of response to the requests for further information, the late provision of responses, where a reference was made to a case in which the period of time exceeded one hundred days to provide a response; countries also added that there is a decline in the quality and promptness of the response over the last years.
615. The case studies below reveal that the AMLU received/ sent international cooperation requests in different AML/CFT areas and is processing them within irregular periods of time. The period taken to respond to requests is somewhat satisfactory, except for the observations mentioned in the responses of some countries. In addition, they also reveal the extent of interaction of AMLU with different entities in Jordan to provide counterpart FIUs with requested information, whether in the private or the public sector, including information held by LEA. However, some of the information provided was inaccurate or non-comprehensive, mainly the information held by stakeholders, as regards the data of legal entities and associations.

**Box 8.2.3/8.2.4.2: Incoming International Request Regarding a (Natural Person X)**

Date of receipt: 28/2/2017

Summary of actions taken:

**Content of counterpart FIU request:**

Suspicion: The seizure of unauthorized funds during the suspect's entry into the requesting state at the end of 2015. He stated that the seized amount is from an inheritance in another country and he exchanged it through two exchange companies in Jordan.

Information requested: Ensure the validity of the person X statement and provide any other indicators. AMLU procedures:

Searching for information about the person X and his family by looking into the database of AMLU and the Civil Status and Passports Department. Search was also conducted on the websites of Companies Control Department and MITS, and the database of DLS, as well as referring to the available commercial databases and the search engine (Google) to search for information on the person X and his wife.

Addressing the Preventive Security Department to inquire whether there are any restrictions or cases or antecedents against the person X and his wife.

The two exchange companies were requested to provide information on all money exchanged transactions made by person X since the beginning of 2015, both companies replied.

Date of response: 14/3/2017, Counterpart FIU was provided with all information collected.

**Box 8.2.3/8.2.4.3: Incoming International Request Regarding TF**

Date of the request: 3/10/2017 on behalf of one LEAs.

**Content of counterpart FIU request:**

Suspicion: TF

Investigations by the security authority in the requesting country against the person Y revealed that he has established a non-profit organization (for a humanitarian purpose) and opened a regional office (branch) in Jordan and there are doubts that the funds and donations received by the NPO is not for the declared purpose of the organization but for groups unknown to the requesting country.

Information required by the counterpart FIU: Bank account information pertaining to the person subject of the request and the NPO, and information about the authorized users of the accounts and all the activities of these accounts, the nature of the work of the person and the organization in Jordan, and any security antecedent or restrictions against them.

**AMLU procedures:**

AMLU database was used to search for the suspected NPO (and its founder and representative. In addition to NPO register, CCD and MITS, DLS and available commercial databases

AMLU also sent request of information to Preventive Security Department, MSD.

AMLU also requested financial information from the bank receiving remittances to provide financial analysis of the NPO for the period starting 2015. Same request sent to all banks regarding the suspected individual, NPO and its representative.

Date of response: by 16/11/2017, AMLU provided the counterpart FIU with available information



obtained through the investigation process.

**Box number 8.2.3/8.2.4.4: Case on international cooperation between AMLU and a counterpart FIU**  
CBJ received a letter from AMLU dated 18/2/2016 advising of having received information from a counterpart FIU regarding the issuance of a blacklist by the Central Bank of a neighbouring country to prevent(142) money exchange companies in the said country from purchasing US dollar because of their links with terrorist organizations or for being in areas controlled by ISIS. The list was circulated to licensed exchange companies.

### **Jordanian Customs Department**

616. The Jordanian Customs Department exchanges information via the World Customs Organization through the CUSTOMS ENFORCEMENT NETWORK (CEN). The number of seizure entries on the CEN system during 2013-2017 ranges from 108 to 560 cases. However, authorities did not provide any detailed information on these cases and the extent of their link to Jordan's risk profile. As to AML/CFT international requests, the Customs Department has neither received nor sent any international request.
617. Considering the risk profile of Jordan, namely as regards the physical cross border transportation of funds, which is considered one of the major threats against the AML/CFT regime, the assessment team is concerned about the role of the department and the necessity of activating the mechanisms of international cooperation, especially with neighbouring countries, characterized by instability.

### **Other entities cooperating in information exchange:**

618. **IACC:** request for international cooperation is based on 3 MOUs that have been signed since 2013 until 2016. The number of outgoing requests from 2011 to 2017 is 2 (one in 2011 and the other in 2013). IACC did not receive any response regarding the requests, and it also did not receive any request for international cooperation from any other country. The assessment team is concerned about the poor international cooperation, particularly that corruption is regarded as one of the most important risks faced by Jordan (see IO.1). Nonetheless, the country mentioned that the low number of requests made by the IACC may be due to the fact that the corruption cases are local rather than cross border cases and that the laundering of proceeds is made at the domestic level.
619. **MITs:** Processes requests received from MOFA by exchanging information related to the Commercial Register data. The requests are intended to gather information about traders, their individual establishments, companies registered in CCD, and the validity of the certificates attached in the embassies and consulates' letters. Such requests are few and answered in a timely manner. However, the accuracy of information provided remains an obstacle towards the quality of international cooperation.
620. **Income and Sales Tax Department:** There are agreements signed by the Department with 37 countries to prevent double taxation of income in accordance with Article 6 (a) of the Income and Sales Tax Law. There is no specialized division for international cooperation in the said Department. No information may be exchanged with any international body except for what it is stated in the agreements signed by Jordan with respect to income tax only. With regard to combating ML/TF, there are no requests (incoming or outgoing). Considering that the tax evasion was ranked in the first place in Jordan's risk profile, the assessment team is concerned about the poor international cooperation in this regard and the resulting negative effect on the AML/CFT regime.

### **8.2.5 International exchange of basic and beneficial ownership information of legal persons and arrangements**

621. Access to information on owners' names is through the website of MITs (available in Arabic and English), which includes Jordanian and foreign companies operating in Jordan. However, the information is not sufficient (refer to IO 5).
622. Information relating to the names of the NPO members and their data is kept in the NPO files at the supervising ministry. Therefore, it is made available through direct communication or through the Financial Information Processing Unit. Yet, this information is not always accurate (IO.5).

623. LEAs and AMLU can directly access the MITS website and exchange the information obtained directly through the website or through letters addressed to CCD at MITS (these letters are few in number from all competent authorities because they rely on the website).
624. With regards to the international requests received by MOFA concerning the beneficial owners of companies and NPO information, they are passed directly to the competent authority at MITS (for companies) or to MSD (for NPOs). The average number of requests for information each year is about 50 requests and are answered by the competent authority within a maximum period of two days from the date of receipt of the request. MOFA takes two to three weeks to respond to the request received, whether related to companies or NPOs. However, the quality of the information provided is inaccurate, due to the update mechanism and the inaccurate concept of the beneficial owner (see IO.5).
625. CCD has signed 4 MOUs during the period 2013 - 2017 for the purposes of international cooperation and with strategic partners in order to provide and improve the exchanged information. Between (2014-2017), no requests were received in relation to the owners of the companies, the vast majority of these requests relate to international experiences from the different economic and commercial aspects. In rare cases, requests for foreign companies or non-Jordanian partners are received and answered by the Department within two working days. Nothing indicated the extent to which the said Department gives an importance to international cooperation, considering its relevance in obtaining/updating information on the names of shareholders, when the local company is owned by a foreign company (see IO.5).
626. According to the information provided, none of the authorities, including the Register of NPOs at MSD and supervisory bodies of non-profit NPOs have received nor sent any request for international cooperation. Jordan did not provide anything indicating that it has requested BO information in the context of international cooperation.
627. **Overall Conclusions on IO.2: Jordan is rated as having a substantial level of effectiveness for IO.2.**

## Technical Compliance Annex

1. This annex provides detailed analysis of Jordan's level of compliance with the FATF 40 Recommendations. It does not include a descriptive text on the country situation or risks and is limited to the analysis of technical criteria for each Recommendation. It should be read in conjunction with the Mutual Evaluation Report.

### **Recommendation 1 : Assessing risks and applying a risk-based approach**

2. The requirements set out in this recommendation were added to the FATF recommendations when they were last revised in 2012; therefore, Jordan's compliance was not assessed during the first round of the mutual evaluation which was conducted in 2009.

### **Obligations and decisions for countries Risk Assessment**

3. **Criterion (1.1) (Partly Met).** Jordan started its national ML risk assessment from the beginning of 2017 using IMF's methodology and mechanisms. This process relied on surveys and on academic studies of related sectors. The three stages of the process are: the determination of threats and vulnerabilities, the identification of resulting potential risks and the analysis of their impact.
4. As per ministerial decision<sup>37</sup>, all competent governmental sectors and the private sector were represented and engaged in the national team<sup>38</sup> which was formed to conduct the assessment of domestic ML risks. The coordination of relevant workshops was entrusted to the AMLU. Competent authorities all designated liaison officers at policy making and executive levels. The national team reviewed the information provided from seven primary focal points, including statistics and questionnaires. It also considered reports produced by international organizations regarding the nature and size of domestic crimes.
5. The executive summary of the ML risk assessment infers that this assessment drove the country to identify the following threats:
  - The major predicate offenses whose proceeds constitute a ML offense (despite the absence of national agreement on the classification of these offenses based on the value and percentage of the proceeds from the Gross Domestic Product) are represented in crimes of tax evasion, robbery (criminal theft), theft, illicit trafficking in narcotic drugs and psychotropic substances, corruption, bribery, fraud and smuggling.
  - Around 52% of the domestic proceeds of predicate offenses were generated in cash, while the proceeds generated in the form of tangible and financial assets are estimated at 21 and 27 percent;
  - The flows of proceeds generated from international predicate offenses originate from neighbouring countries (which are considered at the same time a center for attraction of criminal proceeds outflowing from Jordan), from trade partners through the informal financial sector, and from the smuggling of cash and tangible assets, 82% of which are laundered domestically.
6. GID is responsible for conducting the TF NRA. However, the legal basis for this mandate was not clarified. Additionally, assessment team was not provided with information on competent authorities participating in this process by providing or analysing data, as well as the expected time to finalize the TF NRA and the stage has been reached so far.
7. On the other hand, the GID only ascertained that it is aware of the relevant risks based on practice, by stating that the risks of terrorism and its financing are basically related to the turmoil in the region and the resulting displacement of large numbers of refugees, mainly from Palestine, Iraq, Syria, Libya and Yemen; the expansion of radical ideologies spread by ISIS and Al-Qaida and the proliferation of arms in the region. Also it appeared based on field experience that the TF aspects do not go beyond

<sup>30</sup> According to the Prime Minister and the president of the National AML/CFT Committee letters No.3426/1/11/65 and AML/9/1/1 issued respectively on 24 and 26 January 2017.

<sup>38</sup> All the national authorities concerned with the national ML/TF risk assessment process consist of MOFA, MOI, MOF, MOJ, MITS, MSD, MOCIT, Ministry of Transport, Ministry of Agriculture, DLS, CCD, Customs Department, General Department for Statistics, Income and Sales Tax Department, Department of Antiquities, CBJ, JSC, IACC, the Telecommunications Regulatory Commission, the Energy & Minerals Regulatory Commission, the Jordanian Judicial Council, the Registry for Societies at MSD, the Jordan Maritime Authority, the Jordan Post Company, PSD, GID, the General Directorate of Gendarmerie, the Joint Chiefs of Staff, the Directorate of Civil Defense, the National Center for Security and Crisis Management and the

self-assessment through legitimate sources. It asserted that the number of Jordanian fighters affiliated with terrorist entities which are regionally active does not amount to the internationally common level, where a large number of them were killed in the battlefields, according to reliable intelligence information.

8. **Criterion (1.2) (Met):** The NAMLTFC is empowered to lay down the general AML/CFT policy and to develop the action plans required for its implementation (article 6 of 2007 AML/CFT Law). The NAMLTFC was tasked to identify, analyse and understand ML/TF risks at the national level, while the AMLU was responsible for the coordination of relevant workshops.
9. **Criterion (1.3) (Met):** Jordanian authorities indicated that they plan to update the NRA “every two years” at most. This should be reflected in the strategic plan to be issued following the completion of the current assessment process which is considered the first of its kind in Jordan.
10. **Criterion (1.4) (Mostly Met):** The conclusions of the national ML NRA were presented at several workshops, which were attended by all relevant national authorities. CBJ (the Banking Supervision Department) and JSC circulated the preliminary findings of the NRA during the on-site visit by email . At the sectorial level, the Banking Supervision Department at CBJ held a meeting with the Senior managers and the compliance departments at banks in order to discuss the results of the self-assessment prepared by the sector and which resulted in recommendations made to each bank separately, based on statistical data and results of questionnaires filled in by banks and according to the findings of the recent inspections conducted. The risk matrix has been also completed. Nonetheless, disseminations did not include all DNFBPs.

#### **Risk Mitigation**

11. **Criterion (1.5) (Mostly Met):** The sectorial efforts and initiatives of some supervisory and monitoring authorities of the financial and banking sector (CBJ and JSC) to implement the risk-based approach still have limited effect. In addition to the legislative and regulatory efforts (dedicated to the spontaneous legal accountability characterized by stringent financial and custodial sanctions), the Customs Authority and the Tax Evasion Directorate at the Income and Sales Tax Department have each adopted two action plans to monitor the cross-border transportation of funds and to reduce the tax evasion crime, in line with the evolving smuggling and commercial fraud techniques. In this context, the Customs Authority has computerized the financial and customs procedures, documented and archived the approved entries (the value system), monitored the outstanding data entries, carried out a subsequent audit of the customs data, established targeting criteria (to target importers who have judicial precedents, in addition to dangerous countries of origin), intensified inspections, developed the electronic tracking system and published information exchange on criminal patterns. On a similar note, the Kingdom of Jordan has adopted several “field” and “thematic” strategies:
12. **The national strategy to promote financial inclusion:** which is based on 3 themes that include microfinance, digital payment services, and small and medium enterprises;
13. **The national strategy to combat cross border organized crime:** including combatting trafficking, possession, and use of drugs and other psychotropic substances, implemented by the Public Security Directorate at the Ministry of Interior through two phases (2014-2016, 2017-2019) in partnership with other components of the security service, especially by strengthening border controls. The number of trafficking cases handled by the Anti-Narcotics Department between 2013 and 2017 reached around 6500 cases involving 11499 individuals. In this regard, the adopted approach is based on three themes: preventive, operational and therapeutic;
14. **The national strategy to strengthen integrity and combat corruption:** (2017-2025) aimed at promoting 5 principles in 6 directions to be implemented by the Integrity and Anti-Corruption Commission established by virtue of Law No. 62 for 2006. The principles revolve around the rule of law, good governance and transparency in the work of the public administration, justice, equality, equal opportunities and accountability. As for directions, they include the executive, legislative and judicial authorities, the private sector, political parties, unions, non-governmental organizations, civil society organizations and the media. The implementation of some items of this strategy (projects 6, 9 and 21) was accompanied by a comprehensive awareness raising campaign on the implications of social and economic corruption, its forms and ways to combat it, as well as the need to promote the principle of

the rule of law and good governance in public institutions, and the sound expenditure of public funds and linking responsibility to accountability.

15. **Criterion (1.6) (N/A):** Authorities do not exempt any entity subjected to the provisions of 2007 AML/CFT Law from implementing some FATF Recommendations.
16. **Criterion (1.7) (Met):** The provisions of article 14-5 of AML/CFT Law No.46 of 2007 and the measures set out in some sectorial instructions issued by competent supervisory authorities require the implementation of enhanced due diligence measures as well as the mitigation of high risks.
17. **Criterion (1.8) (Mostly Met)** CBJ [i.e. for banks (art. 6 of the AML/CFT instructions No.2018/14); for exchange companies (art 8 of the AML/CFT instructions No.2018/70)], JSC [art. 11 paragraph (b) of the 2018 AML/CFT instructions] and the Insurance Department [art. 12 of the AML/CFT instructions No.2006/2] issued instructions regarding simplified due diligence measures set out by virtue of special orders as regards to low-risk customers and transactions. Simplified measures cannot be applied if there is a suspicion of ML/TF transaction or in circumstances involving high risks. However, supervisory authorities did not issue any order in this regard given that Jordan did not yet complete its NRA.
18. Except real estate offices, there is no relevant information regarding DNFBPs.
19. **Criterion (1.9) (Mostly Met):** Reporting entities are required to comply with the regulations, instructions and decisions issued by AMLU and the competent supervisory authorities (article 14 of the 2007 AML/CFT Law). Legislations regulating the financial and banking sector [Art. 70 of the Banking Law No.23 of 2000; art.17 and 24 of the Money Exchange Business Law No.44 of 2015; art. 15, 17 and 18 of the Securities Law of 2017; art. No.(6), No.(23) paragraph (Q) and insurance business [art. (94) of Law No.33 of 1999] conferred supervision powers over reporting entities, at varying degrees, including compliance with the AML/CFT measures.
20. Article 12 of the Regulation of Real Estate Offices grants the LSD manager the right to establish a committee(s) to monitor real estate offices' compliance with AML/CFT requirements. Article 8 of the Instructions for the Licensing of Jewelry dealers' of 2009 states that a committee could be established and presided by an administrative governor and entrusted with conducting inspections of licensed shops to verify their compliance with the instructions. Article 37 of the internal bylaw of the Bar Association provided for the competence of the Bar Association board to monitor the business of lawyers. Though, this article was not relied upon to activate supervision in the AML/CFT field.

#### **Obligations and Decisions for Financial Institutions and DNFBPs Risk Assessment**

21. **Criterion (1.10) (Partly Met):** Some supervisory and monitoring authorities of the financial and banking sector (CBJ, JSC and the Insurance Department) have ratified circulars calling entities subjected to the provisions of the AML/CFT Law to conduct a self-assessment of ML/TF risks they face, including risks posed by customers, countries, geographical regions, products, services, operations, distribution channels, to document the results of this assessment and to take the necessary measures to mitigate the identified risks, provided that this assessment is updated at a minimum annually, or in case a need to conduct it arises as a result of a substantial change in the nature of risks facing these entities. Furthermore, reporting entities can provide competent authorities with the risk assessment information, upon request. However, there are no similar enforceable means applicable to DNFBPs. Nothing indicates that other supervisory and monitoring authorities have adopted a similar approach.

#### **Risk Mitigation**

22. **Criterion (1.11) (Not Met):** FIs and DNFBPs are not required to have (a) risk mitigation policies and control, (b) monitor the implementation of those controls and to enhance them if necessary and(c) take enhanced measures to manage and mitigate the risks where higher risks are identified.
23. **Criterion (1.12) (Mostly Met):** The afore-mentioned instructions issued by supervisory authorities of the financial and banking sector (CBJ, JSC and Insurance Department) authorized reporting entities subjected to the provisions of AML/CFT Law to take simplified due diligence measures as regards customers and operations, provided that these measures are associated with low risks, and that this

ranking is based on a study and an adequate analysis of these risks. It is prohibited to use these measures in case of a suspicion of ML/TF operations. Jordanian authorities did not provide any information on the extent of DNFBPs compliance with these requirements, except for real estate offices and dealers in jewellery.

24. **Weighting and Conclusion:** Jordan did not complete its national ML/TF risk assessment process. As a result, there is no national strategy that would encompass identified risks, set priorities, and efficiently channel resources. Furthermore, NRA preliminary findings were not disseminated to all DNFBPs who are also not required to conduct sectoral assessment. FIs and DNFBPs are not obliged to take policies to mitigate and control identified risks.
25. **For the afore-mentioned reasons, Jordan is “Partially Compliant” with Recommendation.1.**

**Recommendation 2: National cooperation and coordination**

26. Jordan was previously rated “Partially Compliant” with former Rec. 31 due to the absence of clear effective mechanisms that include cooperation methods among AML/CFT authorities and mechanisms for outreach and consultation with the financial sector and other sectors.
27. **Criterion (2.1) (Partly Met):** Jordan has put in place a structure and mechanism to identify national ML/TF risks and to draw national policies to address them. However, national policies are yet to be established, developed or revised as the NRA is ongoing.
28. There appears to be no formal requirement or procedure to regularly review policies. Authorities indicated that they plan to conduct an update every two years at most.
29. Article 6 of 2007 AML/CFT Law gives the mandate to NAMLTFC to lay down the general AML/CFT policy and to set the necessary plans for its implementation.
30. Article 6 also defined NAMLTFC mandate to, mainly, (1) develop the general AML/CFT policy and setting the necessary plans for its implementation; (2) follow-up with the competent authorities to fulfil the obligations under relevant and enforceable international resolutions; (3) participate in international forums on AML/CFT general policies; (4) study and review drafts of laws and regulations to implement 2007 AML/CFT law (5) and study instructions and guidelines to be issued by supervisory authorities.
31. NAMLTFC, presided by governor of CBJ, consists of all relevant governmental sectors represented by the Deputy Governor of CBJ (Vice Chairman), the Secretary Generals of relevant ministerial sectors (MOJ, MOI, MOF, MDS), Director General of Insurance Department, General Controller of Companies, JSC and AMLU.
32. The national AML/CFT plan adopted by NAMLTFC for the 2013 – 2015 period, and extended until the end of 2017 aims at achieving three strategic objectives: (1) review and development of relevant legislations in line with the international standards, (2) identification and assessment of domestic risks and (3) promotion and development of the institutional capacities of relevant national authorities. AMLU oversees the execution of the mentioned plan through meetings held with all the national stakeholders, each within its competences.
33. Although the national ML/TF risk assessment process is not completed, a preliminary agreement was reached between competent authorities on a preliminary national strategy for the next two years which is based on 3 principles and 11 strategic objectives. This strategy comprises a set of programs incorporated into the previous national plans that Jordanian authorities have not been able to initiate or complete within the fixed periods (namely those relating to the development of relevant legislations in consistency the evolving international standards).
34. Security agencies adopted a 2017-2019 national strategy to combat terrorism, as an integral part of the security system which is regularly updated in the light of criminal patterns which resulted moving from a defensive to a proactive approach (prior warning).
35. **Criterion (2.2) (Met):** NAMLTFC, presided by the Governor of CBJ, is the designated coordinating structure between all the competent governmental sectors<sup>39</sup>. NAMLTFC, according to article 6 of 2007 AML/CFT law, is responsible for the development of general national AML/CFT policy, developing

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<sup>39</sup> Article 6 of 2007 AML/CFT Law

the necessary plans for its implementation, following up with the competent authorities for the purposes of fulfilling the obligations mentioned in the international enforceable resolutions, participating in international events relating to the general AML/CFT policy and studying instructions and guidance issued by supervisory authorities.

36. However, the frequency of the meetings held by this Committee which is basically determined under article 3 of its internal bylaw No.44 of 2008, at least once every three months, unless otherwise required, might cause a potential objective obstacle that does not help it achieve its objectives.

**Criterion (2.3) (Mostly Met):**

37. In addition to the coordinating role assumed by NAMLTFC, AMLU promoted the national cooperation mechanisms by concluding bilateral agreements in the form of MOU with most of the national stakeholders (CBJ, JSC, Insurance Department, PSD, MSD, DLS and MOJ) in order to facilitate and expedite the exchange of information in this regard among competent functions and units related to these authorities and the technical functions of AMLU. Liaison officers were also appointed from all the authorities represented in the National Committee for the purposes of direct coordination with AMLU on the operational front.
38. On a similar note, instruction No.1 of 2012 issued by the Chief of AMLU constitutes the legal grounds that enable supervisory authorities to have access to the information contained in its database.
39. As to national cooperation in terms of implementing the UNSCRs 1267/1373 and subsequent resolutions, MOFA presides the following permanent Technical Committees established for this purpose, given that their meetings held at least once every three months, unless otherwise required, are considered as an opportunity to review the mechanisms applied to this end (Jordanian authorities did not provide the updated legal texts of these committees which regulate their works):
- The technical committee for the implementation of UNSCR/1267 and other relevant Resolutions: With the membership of the directors of legal departments or assimilated directors at AMLU, MOI, MOJ, GID, PSD, CBJ, JSC, DLS, Customs department and CCD;
  - The technical committee for the implementation the UNSCR /1373: With the membership of the directors of legal departments or assimilated directors at AMLU, MOI, MOJ, GID, PSD, CBJ, DLS, Customs Department and CCD.
40. On this note, NAMLTFC has issued, under provisions of paragraph (c) of article 37 of 2007 AML/CFT Law, instructions addressed to entities subjected to the provisions of this law, requiring them to fulfil the obligations set out in the afore-mentioned Resolutions, and which were amended during the on-site visit.
41. **Criterion (2.4) (Partly Met):** Without prejudice to the provisions of 1998 Customs Law No.20 on imposing customs control on border posts and pursuant to the Prime Minister decision No.1/14/2/14675 dated 27 April 2014, a permanent national committee chaired by MOFA, with the membership of MOI, MITS, MOF, MOJ, the Jordanian armed forces, GID, PSD, CBJ, and AMLU, was nominated and mandated to follow up the execution of targeted UN sanctions relating to the prohibition of the financing of proliferation and to decide on the outcomes of potential case studies. MOFA holds periodical coordinating meetings to examine the results of these measures at the sectorial level.
42. In parallel, a permanent national committee was formed under article 5 of MITS No.1 of 2009, on the export and re-export of dual use goods, under the chairmanship of the secretary general of MITS, with the membership of delegates from the MITS, the Ministry of Agriculture, the Ministry of Environment, the Ministry of Health, the Jordanian armed forces, the Aqaba Special Economic Zone Authority, GID, PSD, the Directorate General of Civil Defense, Customs department, the Energy & Minerals Regulatory Commission, the Telecommunications Regulatory Commission, and Jordan Food and Drug Administration. It is mandated to establish procedures for licensing the exportation of these goods and to recommend the grant, rejection, withdrawal or cancellation of the license, in addition to coordination with competent authorities to expedite the reply to the application for the license.
43. However, the methods of coordination among these authorities and the mechanisms used for the exchange of information between them (including the legal grounds requiring the same) are ambiguous due to the absence of written procedures.

44. **Weighting and Conclusion:** The domestic legislative structure laid down an appropriate framework for coordination among all competent governmental sectors through their representation in a group of high-level thematic committees for the purpose of finalizing the field policies, in the absence of permanent technical committees. Considering the wide powers conferred upon them and the functional interactions among them, the principle of full "operational independence" is not entirely applied to guarantee their neutrality and to ensure that they are entrusted with distinguished functions through an explicitly drafted legislation, in addition to the low number of the meetings. The absence of mechanisms for the implementation of policies at the operational level also hinders their effectiveness.
45. The bilateral agreements concluded between AMLU and the supervisory authorities enable to promote this coordination. Furthermore, the mechanisms for operational cooperation among competent national authorities are not well-defined, namely in the implementation of UNSCRs on the suppression of proliferation.
46. **For the afore-mentioned reasons, Jordan is "Largely Compliant" with Recommendation 2.**

**Recommendation 3 : Money laundering offense:**

47. The AML legal system in Jordan was assessed during the first round of the mutual evaluation process in 2009 and Jordan was rated "Partially Compliant" with Recommendation 1 relating to the criminalization of money laundering, because it is necessary to have a predicate offense conviction to prove that the money is illicit and because the predicate offenses do not comprise all the twenty crimes according to the methodology adopted at that time. Recommendation 2 was also rated "Largely Compliant" due to the lack of evidence on the effectiveness of the regime and the absence of statistics.
48. **Criterion 3.1 (Mostly Met):** Money laundering in Jordan is criminalized under the Vienna and Palermo Conventions. Article 2 of 2007 AML/CFT Law covers most forms of money laundering, including exchanging, transferring, moving the funds, or disguising their source, or preventing from identifying the perpetrator of the predicate offense that generated the funds. However, the text did not link the act of exchanging or transferring the funds with the purpose of concealing or disguising the illegitimate source, as set out in the UN Convention against Organized Crime. In addition, the national Jordanian law does not criminalize piracy, since only a Code of Conduct Concerning the Repression of Piracy, Armed Robbery Against Ships, and Illicit Maritime Activity in the Western Indian Ocean and the Gulf of Aden Area was issued, in addition to the UN Convention on the Law of the Sea which was ratified by Jordan in 2010.
49. **Criterion 3.2 (Mostly Met):** According to article 4 of the AML/CFT Law, Jordan pursues the holistic system as regards the ML predicate offenses (except the Piracy, see 3.1), thereby comprising any crime punished under the provisions of the legislations in force in Jordan, and all the crimes stipulated in international conventions ratified by Jordan, considering that their proceeds constitute ML offense.
50. **Criterion 3.3 (a, b, c.) (Not Applicable):** The Jordanian AML/CFT Law did not adopt the threshold approach to determine the ML predicate offenses but rather used the general approach.
51. **Criterion 3.4 (Mostly Met):** Article 2 of the Jordanian AML/CFT Law defined "the proceeds" as "funds derived or yielded, directly or indirectly, from committing any of the crimes stipulated in Article 4 of this law." The same article also defined the term "funds" as being "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 funds, including bank accounts, securities, commercial papers, traveller's cheques, remittances, letters of guarantee and documentary letters of credit, regardless of the means used to obtain them." Based on this definition, the ML offense extends to all real and movable property of whatever type. However, the definition of funds does not cover assets, whether corporeal or incorporeal, tangible or intangible.
52. **Criterion 3.5 (Mostly Met):** Article 24 of the AML/CFT Law links between the amount of the imprisonment sanction imposed on the money launderer and the type of the offense (misdemeanour or felony). Although the law does not require to obtain a predicate offense conviction in order to prove the ML offense, the change made to Art.4 to repeal predicate offence independency from ML crime (Paragraph.B) might complicate application.



53. **Criterion 3.6 (Met):** Predicate offenses for ML extend to crimes which occurred outside Jordan of Jordan, provided that the act is penalized in accordance with the law in force in the country in which the act has occurred (article 3 of the AML/CFT Law)
54. **Criterion 3.7 (Met):** The legislation applicable in the Jordan in the AML/CFT field did not explicitly address the criminalization of self-laundering, but the terms used in the definition of "money laundering" and associated sanctions (articles 2 and 24) were general, which legally enables it to apply the ML offense to the perpetrators of the predicate offense.
55. **Criterion 3.8 (Met):** The Public Prosecutor and the competent court may infer the intent and knowledge required to prove the ML offense from objective factual circumstances (article 147 of the Criminal Procedures Law and article 27 of the AML/CFT Law).
56. **Criterion 3.9 (Met):** Article 24 of the Jordanian AML/CFT Law recognized graduated corporal sanctions for the perpetrator of the ML offense that are not less than one year of imprisonment and not more than three years in case funds are generated from a misdemeanour and hard labour for not less than five years in case the source of the funds is a felony, in addition to a financial penalty in both cases (laundering proceeds of a misdemeanour or a felony) which is not less than the amount of the funds subject of the crime. In all cases, the sanction shall be doubled in the event of recidivism. Criminal sanctions imposed on natural persons are considered proportionate and dissuasive. In addition, the article stipulates that no severer sanction provided for in the Penal Code or any other law should be prejudiced.
57. **Criterion 3.10 (Partly Met):** Article 31 of the Jordanian AML/CFT Law recognized the liability of the legal persons when their managers commit a ML offense, where the court may impose a sanction against the legal person to cease the operations, wholly or partially, for a period not less than one month and not more than one year and in the event of recidivism, the court may order to cancel the registration of the legal person or liquidate it. In all events, the court includes in its conviction the requirement to publish the rendered judgment at the expense of the legal person in two well-known local newspapers. The administrative sanctions are not proportionate nor dissuasive. On the other hand, article 74 of the Penal Code stipulated that punishment of a legal person is limited to the fine or the confiscation and if the law stipulates an original penalty other than the fine, the fine shall replace the said penalty and shall be applied to the legal persons within the limits defined in articles (22 - 24) and the penalties set out in these articles range from JOD (5-30) approximately USD (7-42).
58. **Criterion 3.11 (Met):** Paragraph "a" of article 24 of the Jordanian AML/CFT Law stipulated that the commission of a ML offense shall be penalized and paragraph "b" of the same article also stipulated that the accomplice, accessory and instigator in the ML offense shall be also punished with the same penalty as imposed to the principal offender, according to the definitions assigned to these terms, in articles 68, 76 and 80 of the Penal Code; which infers that they cover all forms of assistance, facilitation, direction and attempt.
59. **Weighting and Conclusion:** The Jordanian law did not criminalize money laundering according to the criminalization set out in the international agreements, given that it did not provide for the tangible and intangible assets in the definition of funds in article 4 of Law No.46 of 2007. In addition, domestic laws did not criminalize piracy and the sanctions against legal persons are not proportionate or dissuasive, particularly that the court is not bound to pronounce them upon deciding a conviction for the crime.
60. **For the afore-mentioned reasons, Jordan is "Largely Compliant" with Recommendation.3.**

**Recommendation 4 :Confiscation and provisional measures:**

61. Based on the mutual evaluation of the legal system for confiscation and provisional measures as regards the money laundering and terrorist financing offenses, during the first round of the evaluation of Jordan which took place in 2009, Jordan was rated "Partially Compliant" with Recommendation 3, given that the report showed that there is no confiscation for TF offenses, and that no competent authorities were enabled to identify and trace property that is subject or might be subject to confiscation or suspected to be the proceeds of crimes. On this note, Jordan has adopted several legislative reforms since the adoption of the report, in order to promote compliance with the requirements of the international standards.

**Criterion 4.1 (a, b, c, d) (Partly Met)**

62. **Criterion 4.1.a (Partly Met):** Article 26, paragraph 1 of the Jordanian AML/CFT Law stipulated that “in addition to the provisions of article 24 of this law, in-kind proceeds shall, in all cases, be confiscated”, which indicates that the confiscation judgments, according to the Jordanian law in force, only apply to natural persons subject of the sanctions set out in article 24, while they do not include the legal persons whose relevant sanctions are set out in article 31.
63. **Criterion 4.1.b (Partly Met):** Paragraph 2, of article 26, of the Jordanian AML/CFT Law provided for a principle enabling the confiscation of in-kind criminal proceeds and the application of confiscation, by stating that “if the proceeds are mixed with other assets earned from legitimate sources, such assets shall be subject to confiscation set out in this article within the limits of the estimated value of the proceeds and its products”. As to the proceeds of predicate offenses, article 44, paragraph 2 of the Penal Code stipulated that “without prejudice to the rights of bona fide third parties, all items generated as a result of a felony or intentional misdemeanour, or items used or intended for use in committing said acts, shall be confiscated. In case of unintentional misdemeanours and violations, such items may not be confiscated unless permitted by the law.” Most of the legislative texts presented indicate that the principle of confiscating the instrumentalities used or intended for use in the ML offense is not provided for.
64. **Criterion 4.1.c (Partly Met):** Article 24, paragraph 3 of the Jordanian AML/CFT Law stipulated that the courts may order the confiscation of the funds and the instrumentalities used or intended for use in the crime, upon rendering the judgment of conviction for the TF offense. The article did not provide for the confiscation of property which is the proceeds of TF, terrorist acts or terrorist organizations.
65. **Criterion 4.1.d (Met):** Article 26, paragraph 1 of the AML/CFT Law required the confiscation, in all cases, of in-kind proceeds or money of equivalent value, if it is impossible to seize or execute on the same or if it was disposed of to bona fide third parties.

**Criterion 4.2 (Met)**

66. **Criterion 4.2.a (Met):** According to article 27 of the AML/CFT Law, the competent Public Prosecutor and the competent court may verify and trace the real sources of the funds belonging to perpetrators of the crimes provided for by the law, and determine whether their source is the result of acts prohibited under this law or any other relevant legislations in force. The value of this property shall be estimated by experts appointed by the competent court for this purpose, according to the general rules mentioned in the Criminal Procedures Law. Article (9) of the Economic Crimes Law granted the Public Prosecutor the power to seek the assistance of experts upon disposal and restitution of criminal proceeds.
67. **Criterion 4.2.b (Met):** Article 27 of the AML/CFT Law mentioned that the Public Prosecutor and the competent court may seize the funds of the person suspected of committing any of the crimes provided for by the law and the funds of the spouse, to prohibit disposition of such funds and to prevent them from traveling until the investigation procedures are completed or the case decided. The competent court may also render a decision to confiscate these funds. The article also states that the competent Public Prosecutor and the competent court may seize any funds held by third parties, if it is found that they are generated from the commission of a crime provided for by this law. The article authorizes the competent Public Prosecutor and the competent court to seize the property in which the proceeds were mixed with funds acquired from legitimate sources, until the value of the proceeds and the revenues of their exploitation are determined.
68. **Criterion 4.2.c (Met):** The Public Prosecutor may, upon the request of the Chief of the AMLU, seize or trace the funds subject of the suspicious operation (article 8 of the AML/CFT Law).
69. Article 17 of the same law allows the AMLU to require reporting entities to take any action, including the suspension, for a period not more than 3 working days, of all the procedures and transactions which are being conducted as regards an operation suspected to relate to money laundering or terrorist financing.
70. Article 4 of Law No.13 of 2016 enabled IACC to request the competent judicial authority to seize the movable assets of or to suspend the work of anyone who commits any corruption act.
71. The Customs Authority has the power to seize cross-border movable funds when entering Jordan, in case they are suspected to relate to ML/TF and it should notify the AMLU which shall issue a decision

on these funds (within one week from the date of notification at the latest) whether to return them to their owner or to refer them to the court (article 21 of the AML/CFT Law).

72. **Criterion 4.2.d (Met):** The Public Prosecutor and the competent court may verify and trace the real sources of the funds belonging to perpetrators of the crimes provided for by the law; examine the legitimacy of their source; and request records, documents, and data of entities subjected to this law, as regards the investigation of the crimes provided for therein (paragraphs a and e of article 27 of the AML/CFT Law).
73. **Criterion 4.3 (Met):** The Jordanian legislator sought to protect bona fide third parties in articles 8, 22, and 26 of the AML/CFT Law.
74. **Criterion 4.4 (Not Met):** The Public Prosecutor may order the sale of seized items through public auction, if they are subject to expiration due to the passing of time or the costs of maintaining them are more than their value. In such case the legal owner of the sold item has the right to claim the sale price, within three years from the conclusion of his case (articles 90-91 of the Criminal Procedures Law). However, the AML/CFT Law, the Penal Code and the Criminal Procedures Law, as well as other relevant laws in force in the Jordan did not provide for mechanisms for managing, and when necessary, disposing of property frozen, seized or confiscated.
75. **Weighting and Conclusion:** Confiscation against legal persons is not recognized. And which was separately set out in article 31 of Law No.46 of 2007. The same law (articles 24 and 26) does not refer to the possibility of confiscating instrumentalities used or intended for use in the ML offense and there is no clear mechanism for managing or disposing of property seized, frozen and confiscated. In addition, this law does not impose a punishment upon the establishment of the violation by the entity which is required to temporarily discontinue the dealing.
76. **For the afore-mentioned reasons, Jordan is Partially Compliant with Recommendation.4.**

#### **Recommendation 5: Terrorist financing offense**

77. SRII (Criminalizing the financing of terrorism) was rated “Partially Compliant” during the mutual evaluation of Jordan in 2009. Given that the MER showed several deficiencies represented in the fact that terrorist financing does not include the act committed by a terrorist organization or a terrorist person, the concept of funds is unclear, no dissuasive and proportionate sanctions are determined for natural and legal persons and the effectiveness of the CFT legal system cannot be measured due to the absence of statistics. However, Jordan has since adopted several legislative reforms relating to its criminalization of terrorist financing and the increase of effectiveness of its combating.
78. **Criterion 5.1 (Mostly Met):** Terrorist financing was criminalized by covering most forms of TF as provided for in article (2) of the International Convention for the Suppression of the Financing of Terrorism and article 3 of the AML/CFT Law. However, when Jordan ratified the New York convention in 2003, it expressed its reservation through an official declaration stating that “Jordan does not consider act of national armed struggle and fighting foreign occupation in the exercise of people’s rights to self-determination as terrorist act within the context of paragraph 1 (b) of art 2 of the convention”.
79. **Criterion 5.2 (Mostly Met):** The AML/CFT Law (paragraph b, article 3) criminalizes the provision, collection, ensuring to obtain or movement, by any means, whether directly or indirectly, of funds, even from legitimate sources, to a terrorist, terrorist organization, association, 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. The definition of funds in the same law also states that they are any in-kind or right which has material value in dealing, regardless of the means of obtainment. The definition did not explicitly provide for the economic resources, nor did it include other assets which may be potentially used, including oil and other natural resources, to obtain funds, goods or services, according to the definition of “funds or other assets” mentioned in the Methodology.
80. **Criterion 5.2 bis (Met):** As mentioned in Criterion 5.2, scope of TF criminalization includes all types of TF activities, which could possibly be applied to financing FTFs for a terrorist purpose. A verdict was issued based on this legislative direction (refer to IO.9).

81. **Criterion 5.3 (Met):** Terrorist financing offenses extend to any funds or other assets, whether from a legitimate or illegitimate source (paragraph “b” of article 3 of 2007 AML/CFT Law which is added by virtue of the amendment made according to Law No.31 of 2010).
82. **Criterion 5.4 (Met):** 2007 AML/CFT Law, specifically paragraph “b” of article 3 which is added by virtue of amendment No.8 of 2010, stipulated that "it shall be prohibited to provide or collect funds... whether such funds are used wholly or partially or not used, and regardless of whether such act has occurred or not”.
83. **Criterion 5.5 (Mostly Met):** Article 3, paragraph "b” of 2007 AML/CFT Law stipulated that the perpetrator should have the element of knowledge in order to prove the offense but does not explicitly refer to the possibility of inferring the intent and knowledge from objective factual circumstances. This element can be deduced from article 147 of the Criminal Procedures Law, which asserted that proof in felonies, misdemeanours and infractions shall be established by all means of proof and the judge shall rule according to his personal conviction.
84. **Criterion 5.6 (Met):** Natural persons convicted of a TF offence are punishable by proportionate and dissuasive sanctions as article 24 of 2007 AML/CFT Law stipulates that the sanction for committing or attempting to commit the TF offense is the temporary hard labour for a period not less than 10 years and a penalty not less than JOD 100,000 , in addition to the confiscation of the funds and all the instrumentalities used or intended for use, and the sanction shall be doubled in case of recidivism.
85. **Criterion 5.7 (Met):** Article 31 of the Jordanian 2007 AML/CFT Law recognized the principle of liability and criminal sanction against legal persons, by imposing the penalty sanction at the same value as applied to the natural person (not less than JOD 100,000) without determining the maximum limit. It also permitted to stop the legal person from working, whether wholly or partially, for a period not less than one month and not more than one year, and in case of recidivism, the court may decide to cancel the registration of the legal person or liquidate it, and to publish the rendered judgment at the expense of the legal person in two well-known local newspapers. These penalties are without prejudice to the criminal liability of natural persons.
- Criterion 5.8 (Mostly Met):**
86. **Criterion 5.8 (a) (Met):** The Jordanian legislator criminalized the attempt to commit a TF offense, in paragraph  
(a) 3 of article 24 of 2007 AML/CFT Law.
87. **Criterion 5.8 (b) (Met):** The Jordanian legislator criminalized the participation to commit a TF offense, in paragraph (b) of article 24 of the AML/CFT Law.
88. **Criterion 5.8 (c) (Met):** The Jordanian legislator criminalized the organization or direction of others to commit TF offenses, by criminalizing the accessory and instigator, in paragraph (b) of article 24 of the AML/CFT Law. Considering the legal text that fulfills the requirement of Criterion. 5.8 (a), it also criminalizes organization or direction of others to attempt to commit TF offence.
89. **Criterion 5.8 (d) (Met):** Jordanian legislator criminalizes the contribution to the commission of a TF offense or to the attempted TF offense by a group of persons acting with a common purpose.
90. **Criterion 5.9 (Met):** The TF offenses are considered as ML predicate offenses (article 4 of the AML/CFT Law).
91. **Criterion 5.10 (Met):** The provision, collection, securing of funds, by any means, whether directly or indirectly, with the intent to use them to commit a terrorist act, or in the knowledge that they are to be used, wholly or partially, regardless of whether the said act has occurred or not within Jordan or against its citizens or interests elsewhere are considered as prohibited terrorist acts (article 3 of the law on the suppression of terrorism). The article is completely related to the financing of terrorist acts and the Jordanian legislator has used the definition of terrorist acts in the law on the suppression of terrorism, regardless of the perpetrator of the terrorist act, whether it is an individual or a terrorist group; therefore, any financing of a terrorist act, whether for an individual or a terrorist group is criminalized. On this note, paragraph (b) of article (3) of the AML/CFT Law highlighted that “it shall be prohibited to provide funds... to a terrorist, terrorist organization, commission, society or group or for a terrorist act”, without this criminalization being related to a specific location where the terrorist act occurred, whether inside or outside Jordan.

92. **Weighting and Conclusion:** Jordan expressed, through an official declaration, its reservation on article 2 of New York convention (Para 1(b)). Jordan also did not include other assets in its definition of funds.

93. **For the afore-mentioned reasons, Jordan is Largely Compliant with Recommendation.5.**

**Recommendation 6: Targeted financial sanctions related to terrorism and terrorist financing**

94. Jordan was evaluated in 2009 and rated (Non-Compliant) in SRIII, due to the absence of a legal system that governs the measures for freezing funds and assets of the persons whose names are mentioned pursuant to UNSCRs 1267 and 1373; the absence of effective laws and procedures to examine and implement the actions initiated under the freezing mechanisms in other countries; and the absence of evidence on the effectiveness of the freezing measures according to the UNSCRs. - And since the last evaluation, the Jordan has taken several steps to address the deficiencies by amending its relevant legislations.

**Identification and designation:**

**Criterion 6.1 (Met)**

95. **Criterion 6.1.(a) (Met):** Pursuant to the powers granted to NAMLTFC under paragraph (e) of article 37 of 2007 AML/CFT Law, it has issued instructions No.(1) of 2018, where article (3) thereof stipulated that a committee named “the technical committee for the implementation of the UNSCRs No.1267 (1999), No.1989 (2011) and No.2253 (2015) and other relevant resolutions” and formed of directors of legal departments of eleven governmental authorities, under the chairmanship of MOFA. The National Committee has also issued instructions No.(2) of 2018, where article (3) thereof stipulated that a committee named “the technical committee for the implementation of the UNSCR No.1988 (2011), and other relevant resolutions” and formed of directors of legal departments of ten governmental authorities, under the chairmanship of the MOFA.

96. **Criterion 6.1 (b) (Met):** The technical committee referred to in criterion 6.1 (a) is responsible for identifying groups or institutions proposed for designation on the sanctions list based on the designation criteria set out in the relevant SC Resolutions (article 7 of instructions No.1 of 2018 and article 7 of instructions No.2 of 2018).

97. **Criterion 6.1 (c) (Met):** Article 7 of instructions No.1 and 2 of 2017 stipulates that the Committee shall be responsible for identifying persons, entities, groups or institutions proposed for designation in the sanctions lists based on the designation criteria set out in the relevant Resolutions, in the event where it has an evidentiary standard of proof based on reasonable grounds or reasonable and sufficient basis, without requiring the existence of a criminal proceeding against the person, entity, group or institution proposed for designation.

98. **Criterion 6.1 (d) (Met):** Submissions are made using UN standard forms and procedures for listing (Article 7 of instruction 1 and 2).

99. **Criterion 6.1 (e) (Met):** Jordan, in its submissions, provides as much relevant information as possible on the proposed name and the basis for the proposal for listing (Article 7 of instructions 1 and 2).

**Criterion 6.2: (Mostly Met)**

100. **Criterion 6.2 (a) (Met):** “The technical committee for the implementation of the UNSCR 1373/2001” is the authority responsible for designating persons or entities domestically, pursuant to the UNSCR 1373. either on the country’s own motion or, after examining and giving effect to, if appropriate, the request of another country. The committee is formed of 10 governmental authorities, under the chairmanship of MOFA (articles 3 and 7 of instructions No.3 of 2018 issued by NAMLTFC ).

101. **Criterion 6.2 (b) (Met):** Article 7 of instructions No.3 of 2018 describes the mechanism applied by the technical committee referred to in criterion 6.2 (a) for identifying the persons, entities, groups or institutions proposed for designation in the list that it prepares and adopts as regards terrorist persons or terrorist organizations.

102. **Criterion 6.2 (c) (Met):** Article (9) of instructions No.(9) of 2018 stipulates that when the technical committee receives requests from other countries, it shall examine whether they are supported by reasonable grounds, or reasonable and sufficient basis, to believe that the proposed person or entity

meets the criteria for designation, according to the provisions of these instructions and to the terms of UNSCR 1373, provided that it completes the examination of the request within seven days from the date of receipt.

103. **Criterion 6.2 (d) (Met):** Article 7 of instructions No.3 of 2018 stipulates that the committee shall be responsible for identifying persons, entities, groups or institutions proposed for designation in the sanctions lists based on the designation criteria set out in the relevant Resolutions, after being provided with the necessary information from the competent authorities and, without requiring the existence of a criminal proceeding against the person, entity, group or institution proposed for designation. According to the same article, Jordan apply an evidentiary standard of proof of “reasonable grounds” or “reasonable basis”.
104. **Criterion 6.2 (e) (Mostly Met):** The technical committee referred to in criterion 6.2 (c) provides all the information and documents which support the proposal of the individual, entity, group or institution for designation on the list of individuals and entities which meet the criteria for designation, where this information and documents would identify in a way as much conclusive and precise as possible the identity of the individual or the entity proposed for designation. However, the wording of the text was general and did not require the provision of this information upon the submission of the designation request to the other country, in order to give effect to the actions initiated under the freezing mechanisms.

#### **Criterion 6.3 (Met)**

105. **Criterion 6.3.(a) (Met):** Article (7) of instructions No. (3) of 2018 stipulates that the technical committee is authorized to prepare a list of the individuals, entities, groups or institutions which meet the criteria for designation. It may, to this end, collect and solicit information from any competent or other authorities, to determine whether an individual, entity, group or institution should be designated or not.
106. **Criterion 6.3 (b) (Met):** Article (7) of instructions No.3 of 2018 stipulates that after completing the freezing measures, the committee shall inform the concerned (person or entity) of his designation and provide him with information on the reasons for listing by making this information available on its website.

#### **Freezing**

107. **Criterion 6.4: (Met)** The technical committee publishes the sanctions list and any relevant amendments on its website and circulate it, without delay, to the supervisory, monitoring, security and administrative authorities and any stakeholder, to take, without delay and without prior notice to the designated individual or entity, the necessary actions to freeze his funds and economic resources and those belonging to persons acting on his behalf, for his interest or at his direction. Stakeholders should inform the technical committee of the action taken in this regard at the soonest, provided that it is not more than 3 working days (article 8 of instructions 1 and 2 of 2018).
108. As to the domestic designation, the name of the individual, entity, group or institution is published on the technical committee website and circulated to supervisory and monitoring authorities, which in turn, circulate it to FIs and DNFBPs, in order to take, immediately, without delay and without prior notice, the necessary actions to freeze his funds and economic resources and the funds and resources of persons and entities acting on his behalf, for his interest or at his direction, including other funds and economic resources derived or generated from property owned or controlled by those persons or entities associated with him. Stakeholders should inform the technical committee of the actions taken, within not more than 3 working days.
109. In case a domestic designation is made at the request of a foreign country, the mechanism for the implementation of UNSCR 1373 stipulates that the technical committee shall examine the request according to the procedures set out in these instructions and shall exchange opinions with the requesting country and other countries and that it should complete the examination of the request within 7 working days. In case the request is approved, the name of the person, entity, group or institution shall be included in the (domestic) list, provided that the actions relevant to the freezing of funds and economic resources and other actions as mentioned above shall be applied.

110. Instructions No. 1 and 2 of 2018 define the term “without delay” as immediate freezing of funds and economic resources within a matter of hours. Instruction No. 3 on UNSCR 1373 defines the term “without delay” as immediate freezing of funds and economic resources , which is in line with FATF standards.

**Criterion 6.5 (Partly Met)**

111. **Criterion 6.5 (a) (Partly Met):** Upon including the name of the person, entity, group or institution in the (domestic or foreign) sanctions list, their name shall be published in the technical committee website and circulated to supervisory, monitoring, security and administrative authorities, which in turn will circulate it to FIs and DNFBPs subjected to their supervision and monitoring and also to security and administrative authorities and any other stakeholder in order to take the necessary actions to freeze the funds and economic resources of the designated individuals and entities and/or funds of persons and entities, immediately, without delay and without prior notice (article 7 of instructions No.1 of 2018, article 7 of instructions No.2 of 2018 and article 7 of instructions No.3 of 2018).
112. However, there is no clear provision requiring all natural and legal persons (except FIs and DNFBPs) within Jordan to freeze, without delay and without prior notice, the funds or other assets of designated persons and entities.
113. **Criterion 6.5 (b) (Mostly Met):** Article 7 of instructions No. (1), (2) and (3) of 2018 requires, upon designating individual or entity in sanctions list, his name is listed on the technical committee website and is circulated to supervisors which in turn will circulate it to FIs and DNFBPs and also security and administrative authorities and any other stakeholder, in order to take actions to freeze funds or economic resources of the designated individuals and entities and / or the funds of persons, entities, groups or institutions which act on their behalf, for their interest or at their direction, including the funds and other economic resources derived or generated from property owned or controlled, directly or indirectly, by those designated individuals or associated entities, immediately and without delay or notifying the designated person or entity. The requirement does not extend to funds or other assets jointly owned or controlled directly or indirectly by designated persons or entities.
114. **Criterion 6.5 (c) (Partly Met):** Article 9 of instructions No.(1) and (2) of 2018 stipulates that a person or entity shall be prohibited from making any funds, economic resources, or financial or other related services, available, directly or indirectly, wholly or jointly; for any individual or entity included on the sanctions list or for their benefit, while article 13 of instructions No.(3) of 2018 stipulates that a person or entity shall be prohibited from making any funds, or economic resources available, directly or indirectly, wholly or jointly, to any terrorist person or terrorist organization included on the list by the technical committee or for their benefit, subject to legal liability. The foregoing shows that the prohibition requirement does not extend to entities owned or controlled, directly or indirectly, by those designated individuals or entities and in the interest of the persons and entities acting on behalf of or at the direction of the designated persons or entities.
115. **Criterion 6.5 (d) (Partly Met):** Instructions No.(1), (2) and (3) of 2018 require that, once the name of the individual, entity, group or institutions is listed on the technical committee website and circulated to supervisory and monitoring authorities, these authorities shall in turn circulate it to FIs and DNFBPs subjected to their supervision and monitoring and also to security and administrative authorities and any other stakeholder, to take the necessary measures to freeze the funds of designated persons and entities (article 8 of the previously mentioned instructions). The AML/CFT instructions issued to banks, exchange companies, insurance companies, companies subjected to the authority of JSC, entities providing any of the financial activities, companies engaged in financing lease activities, entities providing postal services, and electronic payment and money transfer service companies, included articles on the implementation of the obligations mentioned in the relevant enforceable international resolutions, including all the resolutions issued under chapter 7 of the UN Charter in this regard. However, nothing indicated whether such supervisory and monitoring authorities have provided clear guidance on the obligations of the said institutions and DNFBPs to take the necessary actions under the freezing mechanisms, namely when the designated person appears to have property rights in a company, in terms of whether his share, or membership or the company’s account up to the limits of his share should be frozen, if it is found that he is one of its major shareholders or that he controls it.

116. **Criterion 6.5 (e) (Mostly Met):** Instructions No.(1), (2) and (3) of 2018 require FIs and DNFBPs to provide the technical committee with the size and type of funds and economic resources frozen, and other relevant details without requiring them to report attempted transactions to the committee (article 8 of the previously mentioned instructions).
117. **Criterion 6.5 (f) (Met):** Article (8/c) of instructions No.(1), and (2) of 2018 and article (7/i) of instructions No.(3) of 2018 stipulate that rights of *bona fide* third parties should be protected when implementing any of the freezing actions, in application of UNSCRs 1267, 1988 and 1373.

**De-listing, unfreezing and providing access to frozen funds or other assets Criterion 6.6 (Mostly Met)**

118. **Criterion 6.6 (a) (Met):** Instructions No.(1), (2) and (3) of 2018 on the implementation of the obligations set out in UNSCRs No.1267, 1989 and 2253 and the obligations relating to the implementation of Resolution 1373 include the procedures to de-list and unfreeze the funds or other assets or persons and entities which no longer meet the criteria for designation (article 10 of the previously mentioned instructions).
119. **Criterion 6.6 (b) (Met):** Article (10) of instructions No.(3) of 2018 stipulates that the technical committee is responsible for receiving the requests to remove a name or names from the list which it receives from competent authorities, other countries and the concerned person. The committee examines the request during 5 days and then takes its decision. In case of approval, the name is removed from the list and the committee shall circulate its decision to stakeholders in order to lift the freezing immediately.
120. **Criterion 6.6 (c) (Met):** Article (10) (c) of instructions No.(3) of 2018 stipulates that in case the request is rejected, the petitioner shall be so notified in writing, and in all cases, the person affected by the rejection is entitled to have recourse to the competent courts.
121. **Criterion 6.6 (d) (Met):** Article (14) of instructions No.(2) of 2018 stipulates that any designated individual or entity may submit a de-listing request to the focal point directly, according to the procedures adopted by the focal point office in this regard.
122. **Criterion 6.6 (e) (Met):** Article (15) of instructions No.(1) of 2018 stipulates that any designated individual or entity may submit a request to the Ombudsperson directly, according to the procedures adopted by the Ombudsperson in this regard.
123. **Criterion 6.6 (f) (Met):** Article (12) of instructions No.(1) and (2) of 2018 stipulates that the committee examines the requests for unfreezing funds and economic assets of individuals or entities with the same or similar name as designated persons or entities and it shall take the appropriate decision within a period not more than 5 working days from the date on which the request is submitted, and these measures are published on the website of the technical committee.
124. **Criterion 6.6 (g) (Mostly Met):** Article 15 of instructions No.(1) of 2018 and article 14 of instructions No.(2) of 2018 stipulate that the technical committee communicates which the authorities which froze the funds and economic resources and requires them to lift the freezing after it receives the response of the Sanctions Committee to the request, without specifying the period taken to do so. Article 10 of instructions No.3 of 2018 stipulates that in case the request submitted by the concerned person to remove his name from the list is accepted, the committee shall inform the authority which froze the funds to immediately unfreeze the funds and economic resources, without specifying the period taken to do so.
125. **Criterion 6.7: (Met):** Article (10) of instructions No.(1) and (2) of 2018 and article (11) of instructions No.(3) of 2018 stipulated that the technical committee may authorize access to frozen funds or other assets which have been determined to be necessary for basic expenses, for the payment of certain types of fees, expenses and service charges, or for extraordinary expenses pursuant to UNSCR 1452.
126. **Weighting and Conclusion:** Jordan has a legal framework for the implementation of the obligations pursuant to UNSCRs No.1267, 1988 and 1373. Nonetheless, there are some deficiencies in view of the absence of procedures, and information supporting the designation which should be provided to another country in order to give effect to their freezing mechanisms; definition of the term without delay for 1373 is not in line with FATF standards; the requirement to freeze funds and other assets does not extend to cover all natural and legal persons; Absence of clear guidance on the obligations of FIs and DNFBPs to take the necessary actions under the freezing mechanisms; obligations



requiring financial entities and DNFBPs to report attempted transactions to the technical committee; publicly known procedures to unfreezing and de listing; and a mechanism for communicating unfreezing to entities immediately and without delay.

**127. For the afore-mentioned reasons, Jordan is Partially Compliant with Recommendation 6.**

**Recommendation 7: Targeted financial sanctions related to proliferation**

128. The Jordan has not been evaluated before as regards this Recommendation given that it is recent, and it was added to the international standards (the FATF recommendations) in 2012.

129. By virtue of the Prime Minister decision No.1/14/2/14675 dated 27/04/2014, a permanent national committee under the chairmanship of MOFA and with the membership of 9 authorities (MOI, MITS, MOF, MOJ, CBJ, the Jordanian armed forces, GID, PSD and AMLU) was formed to follow up the implementation of UNSCRs without specifying its competence as to the implementation of the International Security Council Resolutions on the prevention, suppression and disruption of proliferation of weapons of mass destruction and its financing.

130. **Criterion 7.1 (Not Met):** Jordan does not implement TFS without delay to comply with UNSCRs, adopted under Chapter VII of the Charter of the UN, relating to the prevention, suppression and disruption of proliferation of weapons of mass destruction and its financing.

**Criterion 7.2 (Not Met):**

131. **Criterion 7.2 (a) (Not Met):** Jordanian authorities do not require natural and legal persons within the country to freeze, without delay and without prior notice, the funds or other assets of designated persons and entities.

132. **Criterion 7.2 (b) (Not Met):** There is no legislative text requiring that the freezing obligation should extend to the requirements (1, 2, 3, 4) of paragraph (b).

133. **Criterion 7.2.(c) (Not Met):** There are no procedures ensuring that any funds or other assets are prevented from being made available by its nationals or by any persons or entities within their territories, to or for the benefit of designated persons or entities unless licensed, in accordance with the relevant UNSCRs.

134. **Criterion 7.2 (d) (Not Met):** Jordanian authorities do not provide mechanisms for communicating designations to the financial sector and DNFBPs immediately upon taking such action, nor did they provide guidance to financial institutions and other persons or entities, on their obligations in taking action under freezing mechanisms.

135. **Criterion 7.2 (e) (Not Met):** There are no legal texts requiring financial institutions and DNFBPs to report to competent authorities any assets frozen or actions taken in compliance with the prohibition requirements of the relevant UNSCRs.

136. **Criterion 7.2 (f) (Not Met):** In view of the absence of legal provisions and measures adopted by Jordanian authorities for the implementation of Recommendation 7, there are no measures which protect the rights of *bona fide* third parties

137. **Criterion 7.3 (Not Met):** There are no measures for monitoring financial institutions and Designated Non- Financial Businesses and Professions to verify their compliance with the relevant laws governing the obligations set out in Recommendation 7, such as the AML law. The Jordanian system does not impose civil/administrative/criminal sanctions against persons from FIs and DNFBPs for violations of the requirements of Recommendation 7.

138. **Criterion 7.4 (a, b, c, d) (Not Met):** Jordanian authorities did not put in place procedures enabling listed persons and entities to petition a request for de-listing at the Focal Point for de-listing under UNSCR 1730. And these designated persons or entities are not informed to petition the Focal Point directly.

**Criterion 7.5 (a, b) (Not Met):**

139. **Criterion (7.5) (a) (Not Met):** In view of the absence of legal provisions for the implementation of Recommendation 7, there are no texts permitting the addition of interests or any other earnings due on the accounts frozen or any payments due under contracts, agreements or obligations that arose prior to the date on which those accounts became subject to the provisions of Resolutions 1718-2231.
140. **Criterion (7.5) b (Not Met):** There are no provisions on the permission to make any payment due under a contract entered into prior to the listing decision.
141. **Weighting and Conclusion:** Absence of any procedures, instructions or mechanisms for the implementation of TFS related to proliferation. -
142. **For the afore-mentioned reasons, Jordan is Non-Compliant with Recommendation 7.**

**Recommendation 8: Non-profit organizations**

143. In 2009, Jordan was rated “Partially Compliant” as regards SRVIII (non-profit organizations) in the first mutual evaluation report, during the first round, due to the absence of a law that addresses the deficiencies relating to supervision; retention of information in charitable associations; insufficient number of inspectors; and insufficient training for those who work in this field; in addition to the failure to fix a determined time limit for record keeping by charitable associations. Jordan has since issued the Societies Act in 2008 and amended it in 2009 in order to address the deficiencies.
144. Article (3/a/1) of the NPOs Act No. (51) of 2008 defined the society as: Any legal person composed of a group of persons no less than seven and which is registered according to the provisions of this Act to provide services or to undertake activities on a voluntary basis without aiming to derive or distribute profit, to realize any benefit for any of its members or for any specific person, or to achieve any political goals that enter into the scope of the work and activities of political parties in accordance with the legislations in force. A register called “the Register of Societies” was created by virtue of the law, and is managed by a council chaired by the Minister of Social Development, with the membership of the secretary general of the register of societies and several representatives of competent ministries and the volunteer sector. The Act comprised a definition of the “competent ministry” as being the ministry or official public organization which is mandated to supervise the society and to follow-up on its affairs and the same notion applies to the definition of the “competent minister”.

**Taking a risk-based approach Criterion 8.1(Not Met):**

145. **Criterion 8.1 (a) (Not Met):** Jordan did not identify the NPOs subset that fall within the FATF definition of NPOs, and use all relevant sources of information, in order to identify the features and types of NPOs which by virtue of their activities or characteristics, are likely to be at risk of terrorist financing abuse.
146. **Criterion 8.1.(b) (Not Met):** Jordanian authorities did not identify the nature of threats posed by terrorist entities to the NPOs, nor did they identify how terrorist actors abuse those NPOs.
147. **Criterion 8.1.(c) (Not Met):** Jordan did not provide information stating that it has reviewed the adequacy of measures imposed on its NPOs that may be abused for terrorist financing support, in order to be able to take proportionate and effective actions to address the risks identified.
148. **Criterion 8.1 (d) (Not Met):** Jordan has no legal basis to periodically reassess the NPO sector by reviewing new information on the sector’s potential vulnerabilities to terrorist activities to ensure effective implementation of measures.

**Sustained outreach concerning terrorist financing issues Criterion 8.2 (Partly Met)**

149. **Criterion 8.2 (a) (Mostly Met):** The NPOs Act No.51 of 2008 and its amendments for 2009 stipulate that the provisions which should be set out in the NPO’s bylaw should be specified under a special regulation that includes the NPO’s name, objectives, sources of funding, how its financial resources are being disbursed, monitored and audited, good governance and transparency rules, and other issues. The founding member of the NPO should not be convicted of a misdemeanor involving immorality or of any felony.
150. There is no information on Jordanian authorities establishing clear policies to promote accountability, integrity, and public confidence in the administration and management of all NPOs.

151. **Criterion 8.2.(b) (Not Met):** Outreach to the NPO sector is very weak due to the limited number of training workshops held during the previous years, and the low number of participants, given that approximately 66 participants took part in the workshops in 2016. Additionally, in October 2017, a workshop was held under the topic “NPOs and TF” for 2 days. The workshop presented FATF reports (NPOs abuse by TF groups).
152. Jordanian authorities did not undertake outreach and educational programs for (NPOs) and (donors) about 1- the potential vulnerabilities of NPOs to terrorist financing abuse and 2- terrorist financing risks, and 3- the measures that should be taken for protection against such abuse.
153. **Criterion 8.2 (c) (Not Met):** Jordanian authorities did not work with NPOs to develop best practices to address terrorist financing risks and vulnerabilities to protect them from terrorist financing abuse.
154. **Criterion 8.2 (d) (Met):** Paragraph (e) of article 17 of the NPOs Act requires NPOs to deposit all their funds with banks operating in Jordan and their accounts should not enjoy financial secrecy to challenge any inquiry about them made by the competent Minister or the Registrar, notwithstanding anything set out in any other legislation.

#### **Targeted risk-based supervision or monitoring of NPOs**

155. **Criterion 8.3: (Not Met):** MSD ranks the risks posed by societies based on 4 criteria (sources and size of the funding, purpose of expenditure and location of the activity), however, Jordanian authorities did not conduct supervision and monitoring operations for NPOs based on the TF risks facing this sector.

#### **Criterion 8.4 (Not Met)**

156. **Criterion 8.4 (a) (Not Met):** Jordanian authorities do not monitor NPOs for compliance with the requirements of this Recommendation, including the risk-based measures being applied to them under criterion 8.3.
157. **Criterion 8.4 (b) (Not Met):** Article 19 of Act No.51 of 2008 grants the competent Minister (the Minister of MDS) the power to impose administrative sanctions against NPOs for breaching any provisions of the Act, but the penalties imposed under the provisions of article 26 thereof are not dissuasive. The sanctions are imposed for violation of the provisions of the NPOs Act, without comprising the violation of the requirements of Recommendation 8.

#### **Effective information gathering and investigation:**

##### **Criterion 8.5 (a, b, c, d) (Not Met):**

158. **Criterion 8.5 (a) (Not Met):** There is no mechanism for cooperation, coordination and information sharing among competent authorities that hold information on NPOs.
159. **Criterion 8.5 (b) (Not Met):** There is no investigative expertise and capability to examine NPOs suspected of either being exploited by, or supporting, terrorist activity or terrorist organizations.
160. **Criterion 8.5 (c) (Not Met):** No information indicates whether Jordanian authorities can have access to all administrative and financial information on NPOs, during the course of an investigation.
161. **Criterion 8.5 (d) (Not Met):** There are no mechanisms to ensure that relevant information is promptly shared, in order to take preventive or investigative actions, or when there are reasonable grounds to suspect that a particular NPO is involved in terrorist financing, is being exploited by a terrorist organization or person, or is attempting to conceal the reason behind fund raising for a purpose related to terrorism.

#### **Effective capacity to respond to international requests for information about a NPO of concern**

162. **Criterion 8.6 (Not Met):** Jordanian authorities did not identify appropriate points of contact and procedures to respond to international requests for information on TF suspicion at an NPO or any other forms of terrorism support.
163. **Weighting and Conclusion:** Except efforts made to enhance accountability in NPOs sector and encourage NPOs to use regulated financial channels, all other requirements in Rec 8 are not applied by Jordanian authorities.
164. **For the afore-mentioned reasons, Jordan is Non-Compliant with Recommendation 8.**

**Recommendation 9 : Financial institution secrecy laws**

165. Jordan was rated “Compliant” as regards Recommendation 4 in the first MER during the first round, knowing that the requirements of this Recommendation have not changed, based on the criteria of the new Recommendation, which is Recommendation 9.
166. **Criterion 9.1 (Met):** It does not appear that the professional secrecy incumbent upon FIs prevents the AMLU from carrying out its functions. In this context, the AML/CFT Law comprises a number of provisions; in particular, article 17 thereof states that “... The Unit may request the entities bound to report as stipulated in Item (3), of Paragraph (a) of article 14 of this law to provide it with any additional information it deems necessary to perform its function, if it was related to any information previously received while performing its competences or upon requests received from counterpart FIUs ... The entities that are obliged to report shall provide the Unit with the information mentioned in paragraph (a) of this article within the specified time period”. Article 18 also states that “the Unit may request from the authorities enumerated in this article, including the supervisory and monitoring authorities which exercise their power over the entities subjected to the provisions of this law to provide it with any additional information related to the disclosures received if it was considered necessary to perform its tasks or upon a request made by counterpart FIUs within the period specified in the request. No information appears to indicate that secrecy laws, including banking secrecy, constitute an obstacle for competent authorities to obtain appropriate information and documents to conduct investigations and to respond to legal assistance requests in ML/TF crimes.
167. Article 98 of the Criminal Procedures Law authorizes PPO to compel any person to submit all necessary documents to conduct the investigation or initiate judicial proceedings or for litigation purposes. Article (72) of the Banking Law considers that the bank secrecy is lifted pursuant to a decision issued by a competent judicial authority in a current litigation. Therefore, bank secrecy is not considered a restriction that prevents the rendering of mutual legal assistance in criminal matters in the event where assistance requests involve bank transactions.
168. Articles 8 and 10 of AML/CFT instructions 14/2018 allow banks to provide relevant information regarding wire transfers and correspondent banks.
169. **Weighting and Conclusion:** The legal texts on confidentiality, including banking secrecy, do not constitute any impediment or obstacle for the AMLU to perform its functions, in terms of requesting additional information from reporting entities and sharing it either domestically or internationally. In addition, nothing indicates that secrecy laws constitute an impediment for competent authorities, namely, investigation authorities, to share information either domestically or internationally.
- 170. For the above-mentioned reasons, Jordan is compliant with Recommendation.9.**

**Recommendation 10 :Customer due diligence**

171. The Jordan was rated “Partially Compliant” in the MER during the first round, as regards Recommendation 5 relating to customer due diligence, given that the CFT obligations were not included in the obligations of relevant authorities set out in the AML law, that the executive regulations for the implementation of the AML provisions were not issued, according to article 30 of the said law and that the AML instructions in insurance activities were not issued, according to the AML law, so that it would be possible to impose the sanctions set out therein against companies for violation of the instructions. It is worth noting that Jordan has made amendments to the legal texts relating to customer due diligence.
172. Based on the foregoing, Jordanian regulatory authorities issued instructions for financial authorities cited in article 13 of Law No.46 of 2007, but have not issued, until the end of the on-site visit, any AML/CFT instructions for micro-finance companies.
173. **Criterion 10.1: (Met)** Clause (2), paragraph (a) of article (14) of 2007 AML/CFT Law requires entities subjected to the provisions of this law to refrain from dealing with anonymous persons, persons with fictitious or anonymous names, whether natural or legal persons. As to the instructions issued to banks and other financial entities, they prohibit the maintenance of anonymous accounts or accounts with fictitious names.

174. Entities that provide postal services do not keep accounts for their clients because of the nature of their work (i.e. they provide value transfer services same as money remitters), and as such are exempted from the requirements of c.10.1 (meaning the requirement of this criterion is not applicable to postal service providers because of the nature of their work), knowing that the relevant instructions prohibit them from dealing with anonymous persons or with fictitious names or shell banks or entities

**When CDD is required**

175. **Criterion 10.2: (Met)** Article 14 of 2007 AML/CFT Law requires entities subjected to its provisions to undertake due diligence measures to determine the customer's identity, legal status and activity. The instructions for entities subjected to the provisions of this law handle in detail when CDD is required, as indicated below.
176. **Criterion 10.2. (a):**The AML/CFT instructions issued to banks, companies subjected to the authority of JSC, the insurance sector, exchange companies, companies engaged in leasing activity, entities engaged in any of the financial activities require them all to undertake CDD measures before establishing a business relationship or during the dealing, while electronic payment and money transfer service companies and entities providing postal services are obliged, according to their respective instructions, to take CDD measures upon or while dealing with the customer.
177. **Criterion 10.2. (b):** The AML/CFT instructions issued to banks, exchange companies, companies subjected to the authority of JSC, electronic payment and money transfer service companies, companies engaged in leasing activities, entities engaged in any of the financial activities and entities providing postal services (except for insurance companies) are all required to undertake CDD measures as regards occasional customers if the value of one transaction or several transactions that appear to be linked is approximately above USD 14000 (equivalent of JOD 10000).
178. **Criterion 10.2 (c):** Banks and electronic payment and money transfer service companies should undertake due diligence as regards any electronic transfer an occasional customer is carrying out, regardless of its value. Exchange companies and entities providing postal services should undertake CDD measures when sending or receiving transfers, regardless of their value, and obtain full information on the originator of the transfer. They should not carry out transfers where the name of the originator or the beneficiary is incomplete, abbreviated or incompatible. They should also compare the names and fields mentioned in the transfer messages with the sanctions lists, keep the records and documents and report transactions suspected to relate to ML/TF to the Unit.
179. **Criterion 10.2 (d):** AML/CFT instructions issued to banks and other financial entities require them all to undertake CDD measures when there is a suspicion of ML/TF.
180. **Criterion 10.2 (e):** Instructions issued to financial entities subjected to the provisions of Law No.46 of 2007 require them all to undertake CDD measures when there are doubts about the veracity or adequacy of previously obtained customer identification data.

**Due diligence measures required for all the customers**

181. **Criterion 10.3: (Met)** The AML/CFT instructions issued to FIs require them to identify the customer (whether permanent or occasional, and whether natural or legal person or legal **arrangement**) and to take appropriate measures to verify the truthfulness of the data and information obtained from the customer, using reliable and independent sources, this includes contacting the competent parties that issued the official documents.
182. **Criterion 10.4: (Met)** The AML/CFT instructions issued to banks (article 4/second/3) require them all, to verify, in case of dealing with any person acting on behalf of the customer, that there is a legal power of attorney or an authorization approved by the bank, and to identify the authorized person, as per the customer identification procedures set out in these instructions; and also for the legal person, given that instructions of clause (4,2) stipulate that it is necessary to obtain the documents evidencing the authorization by the legal person to the natural persons who are authorized to act on their behalf, and to determine the identity of the persons authorized to act, according to the customer identification procedures set out in these instructions. The same instructions are also applicable to the other financial entities.
183. **Criterion 10.5: (Met)** Instructions issued to banks (article 4/fourth/2) requires them all to identify the beneficial owner and take reasonable measures to verify its identity, using the relevant data or

information obtained from official documents and data, such that they are satisfied that they know who the beneficial owner is. The same instructions are also applicable to the other financial entities subjected to the provisions of this law.

184. Criterion 10.6: (Met) Law No.46 of 2007 stipulates that entities subjected to its provisions should undertake due diligence to identify the customer, the purpose and nature of the business relationship. On the other hand, the instructions issued to banks stipulate that due diligence measures as regards (natural and legal) customers mean the identification of the purpose and nature of the business relationship, and the same instructions are applicable to the other financial entities.
185. Criterion 10.7 (Met): 2007 AML/CFT Law stipulates that reporting entities should undertake “due diligence measures to identify the customer... Its activity... and conduct continuous monitoring of transactions throughout the course of the on-going relationship with its customers based on materiality and risks, and that customer identification data is continuously updated, every two years at most.
186. Criterion 10.7.a: Clause 7.1 of paragraph (1) a of article 4 of AML/CFT instructions to banks requires them to conduct ongoing due diligence on the business relationship, including scrutinizing transactions undertaken throughout the course of the relationship to ensure that the such transactions are consistent with the bank’s knowledge of the customer, their business and risk profile.
187. The instructions issued to other financial entities were consistent with the requirements of the instructions issued to banks, in terms of undertaking continuous monitoring of the relationship with the customer and scrutinizing the transactions undertaken during the course of that relationship.
188. Criterion 10.7.b: Clause 8.1 of the same paragraph requires banks to ensure that all documents or data or information obtained under the CDD process is kept up-to-date and relevant, by undertaking reviews of existing records, particularly for higher risk categories of customers. The same instructions apply to other financial entities.

**Specific CDD measures for legal persons and legal arrangements:**

189. **Criterion 10.8 (Met):** Clause 4.1 of paragraph (4) b of Article 4 of AML/CFT instructions to banks requires them (concerning legal persons and trust arrangements) to understand the nature of the work and type of activity. These instructions stipulate that the customer identification data should include whether the customer is a legal person or a legal arrangement, their name, legal form, type of activity, names of owners, their ownership interests, names of persons authorized to sign on their behalf, names and nationalities of persons authorized to act for them, phone numbers, purpose and nature of the business relationship, and the entity should be aware of the ownership structure and the provisions which regulate the powers to take decisions binding on the legal person.
190. The instructions issued to other financial entities are consistent with the provisions of the instructions issued to banks in terms of requiring them to understand the business nature and the relevant ownership and control structure.

**Criterion 10.9 (Met)**

191. Criterion 10.9.a: The instructions issued to financial entities stipulate that the customer identification procedures, if the customer was a legal person or a legal arrangement, include obtaining the identification data that comprises the name and legal form of the legal person or legal arrangement, in addition to obtaining copies of the documents proving the establishment and registration of the legal person or legal arrangement at the competent authorities.
192. Criterion 10.9.b: The instructions issued to banks and other financial entities require that the identification data for legal persons or legal arrangements include the obtaining of information on the names of persons having a senior management position and the provisions that regulate the authority that binds the legal person or legal arrangement.
193. Criterion 10.9.c: The instructions issued to financial entities stipulate that the customer identification procedures, if the customer was a legal person or legal arrangement, include the obtaining of data on the address of the place of business or the headquarters.

**Criterion 10.10 (Met)**

194. Criterion 10.10.a: The instructions issued to banks and other FIs require that “appropriate measures should be taken to verify the identity of the beneficial owner, such as examining the identity

of natural person(s) (if any) who has an actual controlling ownership interest in a legal person.

195. Criterion 10.10.b: The instructions issued to banks and other financial entities require that the beneficial owner identification procedures should observe “In case there is a doubt as to whether the person (s) with the controlling ownership interests is the beneficial owner (s), appropriate measures should be taken to verify the identity of natural persons (if any) exercising control of the legal persons through other means”.
196. **Criterion 10.10.c:** The instructions issued to banks and other financial entities stipulate that “in case no natural person is identified under para. 25 and 26, reasonable measures should be taken to verify the identity of the natural person who holds the position of senior managing official”.

**Criterion 10.11: (Met)**

197. **Criterion 10.11(a, b):** The instructions issued to banks and financial entities require that the identification data for the beneficial owner of legal arrangements should include the identity of the settlor, the trustee or the protector (as necessary), the beneficiaries or class of beneficiaries of any other person exercising effective and actual control over the legal arrangement, and for other types of legal arrangements, it should include the identity of persons in equivalent or similar positions.

**CDD for beneficiaries of life insurance policies:**

**Criterion 10.12 (Met)**

198. **Criterion 10.12.a:** The instructions issued to the insurance sector require that the identification measures for the beneficiary of life insurance policies should include the obtaining of the name of the person, which means the beneficiary, if they were a natural or legal person or a legal arrangement.
199. **Criterion 10.12 b:** Article 8 of the instructions issued to the insurance sector requires that the identification measures for the beneficiary of life insurance policies as regards beneficiaries who are designated by characteristics or by class or by other means, should include the obtaining of sufficient information concerning the beneficiary to satisfy the company that it will be able to establish the identity of the beneficiary at the time of pay-out.
200. Criterion 10.12.c: Article 8 of the instructions issued to the insurance sector requires that the identification measures for the beneficiary of life insurance policies should include, for both cases mentioned above, the verification of the identity of the beneficiary at the time of the pay-out.
201. Criterion 10.13 (Met): Article 8 of the instructions stipulates that the insurance company should be required to consider the beneficiary of a life insurance policy as a risk factor in determining whether enhanced CDD measures are applicable. If the company determines that a beneficiary of the insurance who is a legal person or a legal arrangement presents a higher risk, it should be required to take enhanced measures which should include reasonable measures to identify and verify the identity of the beneficial owner of the beneficiary of the insurance policy, at the time of pay-out.

**Timing of verification**

202. **Criterion 10.14 (a, b, c): (Met):** The instructions issued to banks and other financial entities permit them to defer the verification measures of the customer’s identity after the establishment of the relationship provided that this is essential to continue the normal conduct of business, so that this does not give rise to ML/TF risks and that the verification measures are undertaken as soon as possible.
203. **Criterion 10.15 (Met):** The instructions issued to banks and other financial entities cover the conditions under which a customer may utilize the business relationship prior to verification.

**Existing customers**

204. **Criterion 10.16: (Met):** The instructions issued to banks and other financial entities require them to apply CDD measures to existing customers on the basis of materiality and risk, and to conduct due diligence at appropriate times, provided that they take into account whether and when CDD measures have been previously undertaken and the adequacy of data obtained.

**Risk-based approach**

205. **Criterion 10.17: (Not Met)** The instructions issued to exchange companies, the insurance sector, companies subjected to the authority of JSC, electronic payment and money transfer service companies, companies engaged in leasing activity, entities engaged in any of the financial activities and

entities providing postal services require them all to undertake enhanced due diligence where the risks of ML/TF transactions are higher. Knowing that the instructions issued to banks do not include any clauses or guidance to meet this criterion.

206. **Criterion 10.18: (Mostly Met)** The instructions issued to banks permit them to apply simplified CDD measures in situations or concerning transactions or customers ranked by the CBJ as representing low risk, without specifying whether the lower risks will be identified through an adequate analysis of risks; yet the simplified CDD measures are not permitted whenever there is suspicion of ML/TF, or specific higher risk scenarios apply.

**Failure to satisfactorily complete CDD measures:**

207. **Criterion 10.19 (a, b) (Met)** The instructions issued to banks and other financial entities prevent them from opening an account, commencing a business relationship or performing a transaction where they are unable to comply with CDD measures. In this case, they should terminate the business relationship and consider notifying the Unit.
208. **Criterion 10.20: (Mostly Met)** The instructions issued to banks, the insurance sector, companies subjected to the authority of JSC, exchange companies, electronic payment and money transfer service companies, entities engaged in any of the financial activities, and companies engaged in leasing activity require them not to pursue the CDD measures, in cases where there is a suspicion of money laundering or terrorist financing, and they reasonably believe that performing the CDD measures will tip off the customer, provided that they should notify the Unit; as to the instructions issued to companies providing postal services, they do not comprise clauses to meet the requirements of this criterion.
209. **Weighting and Conclusion:** There are some deficiencies in criteria (10.17 and 10.20), given that the instructions issued to banks and providers of postal services do not provide for relevant obligations to perform enhanced CDD measures where risks are higher and to undertake due diligence measures as regards customers and tipping-off. There are no instructions for micro-finance companies to meet the requirements of this Recommendation.

210. **For the above-mentioned reasons, Jordan is largely compliant with Recommendation.10.**

**Recommendation 11 : Record-keeping**

211. The Jordan was assessed during the first round in 2009 and the Recommendation relating to record-keeping (formerly Recommendation 10) was rated “Largely Compliant”, given that the insurance sector was not required under a basic or secondary legislation to maintain all the necessary records on domestic and international transactions and to maintain records on the identification data, account files and correspondences and to ensure that they are timely available to the domestic competent authorities.
212. Clause (6), paragraph (a) of article (14) of the AML/CFT Law No.(46) of 2007 requires all financial entities and institutions to maintain records and registers to document the local and international financial transactions they conduct to include sufficient data to identify such transactions; as well as maintaining such records, registers, documents, data and information including customer and beneficial owner identification data for not less than five years from the date of completion of the transaction or the date of termination of the business relationship, and to periodically update this data. 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.
213. **Criterion 11.1: (Met)** In addition to the foregoing, the instructions issued to banks stipulate that records and documents on domestic and international transactions should be maintained for at least 5 years from the date of completion of the transaction or the termination of the relationship. The same instructions are also applicable to the other financial entities.
214. **Criterion 11.2: (Mostly Met)** The instructions issued to entities engaged in any of the financial activities and companies engaged in leasing activity require them all to maintain records and documents on CDD measures and results of any analysis undertaken for at least five years following the completion of the transaction/document or the termination of the business relationship, whichever is longer, without requiring them to maintain account files and business correspondence. As to the instructions issued to banks and other financial entities, they meet the requirements of this criterion.



215. **Criterion 11.3: (Mostly Met)** The instructions issued to the concerned entities (banks, companies subjected to JSC, entities engaged in any of the financial activities, entities engaged in leasing activity and entities providing postal services) require them to have sufficient transaction records and documents to permit reconstruction of individual transactions, without determining the relevant purpose, so as to provide, if necessary, evidence for prosecution of criminal activity
216. **Criterion 11.4: (Met)** The instructions issued to financial entities, including banks, electronic payment and money transfer service companies, meet the requirements of this criterion, in terms of providing all the records and documents on customers and transactions to the Unit and competent authorities in a timely manner.
217. **Weighting and Conclusion:** There are some deficiencies in criteria (11.2 and 11.3), given that the instructions issued to banks, companies subjected to the authority of JSC, providers of postal services, entities engaged in any of the financial activities and companies engaged in leasing activity mostly meet the relevant obligations, knowing that there are no instructions issued to micro-finance companies in order to meet the requirements of this Recommendation.
- 218. For the above-mentioned reasons, Jordan is Largely Compliant with Recommendation.11.**

**Recommendation 12 : Politically exposed persons**

219. Jordan was assessed during the first round in 2009 and the Recommendation relating to politically exposed persons (formerly Recommendation 6) was rated “Partially Compliant”, given that the banks are not required to apply “a risk management system” to determine whether a customer is a PEP, that the exchange companies are not required to put in place integrated obligations in line with the core criteria of Recommendation 6, and that no instructions were issued to the insurance sector. It is worth noting that Jordan has made some amendments to the regulatory texts for banks and also comprehensive amendments to the instructions issued to exchange companies and has issued the required instructions as regards the insurance sector.
220. PEP definition is in line with the requirements for all entities, except for banks and companies subjected to the authority of JSC, where the definition covers persons who have been entrusted with a prominent function by an international organization; yet it does not cover those who are entrusted with a prominent function.

**Criterion 12.1 (Met):**

221. **Criterion 12.1.a:** Article (8) of the AML/CFT instructions No.(14/2018) issued on 26/2/2018 to banks, requires banks to take several measures regarding foreign customers designated as PEPs. Such measures include the establishment of a risk management system to determine whether a future customer or the customer or the beneficial owner represents high risks; the verification of the source of wealth; and obtaining the general manager’s approval upon establishing a relationship with these persons (PEPs). - The same instructions are also applicable to the other financial entities.
222. **Criterion 12.1.b:** The instructions issued to banks require that several measures should be taken regarding foreign customers designated as PEPs. Such measures include obtaining the senior management approval before establishing or continuing the business relationships with persons that are existing customers; the same instructions are applicable to the other financial entities.
223. **Criterion 12.1.c:** The instructions issued to banks require that several measures should be taken regarding foreign customers designated as PEPs. Such measures included sufficient measures to be taken to establish the source of wealth of customers and beneficial owners ranked within this category of risks, and the same instructions are applicable to the other financial entities.
224. **Criterion 12.1.d:** The instructions issued to banks require that several measures should be taken regarding foreign customers designated as PEPs. Such measures include conducting accurate on- going monitoring of those customers’ dealings, and implementing enhanced CDD measures as regards business relationships and transactions conducted with any of them; and the same instructions are applicable to the other financial entities.

**Criterion 12.2 (Met)**

225. **Criterion 12.2.a:** The instructions issued to banks require that sufficient measures should be taken to determine whether the customer or the beneficial owner is a domestic PEP, and the same instructions are applicable to the other financial entities.
226. **Criterion 12.2.b:** The instructions issued to banks require that the measures referred to in criterion 12.1 from clause (b) to clause (d) should be applied in cases where there is a higher risk business relationship with any of the domestic PEPs, and the same instructions are also applicable to the other financial entities.
227. **Criterion 12.3: (Mostly Met)** The instructions issued to exchange companies, the insurance sector, companies engaged in leasing activity, entities providing postal services, entities engaged in any of the financial activities include a definition of the foreign and domestic PEPs. Since this definition covers the family members and close associates of those persons, the measures required as regards foreign and domestic PEPs are also applicable to their family members and close associates. As to the instructions issued to other financial entities including banks, and electronic payment and money transfer service companies, they comprise a definition of foreign and domestic PEPs. This definition covers the first relatives of those persons (family members of those persons according to the Jordanian legislation), their business associates, persons working on their behalf or persons who have authorizations issued by them. This definition does not include close associates. Therefore, these measures are not applicable to their close associates. As to the instructions issued to companies which are subjected to the authority of JSC, the definition of PEPs includes their first relatives (family members of those persons according to the Jordanian legislation) and their close associates.
228. **Criterion 12.4: (Met)** The instructions issued to the insurance sector stipulate that companies should be required, in relation to life insurance policies, to take reasonable measures to determine whether the beneficiaries and/or the beneficial owner, where required, are PEPs. This should occur, at the latest, at the time of the pay-out and where higher risks are identified, provided that the general director of the company, the authorized manager or their delegates are notified before the pay-out of the insurance policy proceeds, to conduct enhanced scrutiny on the whole business relationship with the policyholder, and to consider notifying AMLU.
229. **Weighting and Conclusion:** There are some deficiencies in criterion 12.3, given that the instructions issued to banks, and electronic payment and money transfer service companies include a definition of foreign and domestic PEPs that does not include their close associates, and there are no instructions issued to micro-finance companies in order to meet the requirements of this Recommendation.
230. **For the above-mentioned reasons, Jordan is Largely Compliant with Recommendation 12.**

**Recommendation 13 : Correspondent banking**

231. The Jordan was assessed during the first round in 2009 and the Recommendation relating to correspondent banking (formerly Recommendation 7) was rated “Largely Compliant”, given that the instructions issued to exchange companies did not address the identification of the level of supervision of foreign companies with which agreements are intended to be entered into, including whether they have been subject to a ML/TF investigation or regulatory action, nor did they require them to assess the internal AML/CFT controls applied by the correspondent institution and to verify their adequacy and effectiveness. Jordan has since made the appropriate amendments to the instructions issued to exchange companies.

**Criterion 13.1 (a, b, c, d) (Met)**

232. **Criterion 13.1.a (Met):** Clauses (1) to (5), paragraph Second of article (5) of the AML/CFT instructions No.14/2018 require banks to implement CDD requirements when establishing a business relationship with the foreign bank by examining the nature of its activity and reputation in the AML/CFT field and by verifying that it has been subject to an effective regulatory supervision by supervisory authorities in the home country and whether it has been subject to a ML/TF investigation or a regulatory action. CBJ affirmed that these instructions are applicable to banks in Jordan, whether they

are correspondent or respondent banks and to any banks that hold accounts with correspondent banks abroad.

233. As to the instructions issued to exchange companies, they require that the relationship with the foreign financial institution should be based on the understanding by each party of its AML/CFT responsibilities and the verification of the reputation of the foreign institution from publicly available information and of sufficient AML/CFT instructions and controls issued by supervisors, which govern the activity of these institutions and the verification whether they have been subject to a ML/TF investigation or a regulatory action undertaken by supervisors. As to the companies operating in the securities sector, their dealings are conducted directly through their accounts held at banks, the same practices shall apply throughout the remaining criteria of Rec 13.
234. **Criterion 13.1.b (Met):** The instructions issued to banks require that the foreign bank's AML/CFT controls should be assessed. The same applies to the instructions issued to exchange companies which require them to verify that the foreign institution has AML/CFT systems, procedures and controls in place, and is assessing them (which means the assessment of the controls and procedures...).
235. **Criterion 13.1.c (Met):** The instructions issued to banks stipulate that the approval of the general manager or regional manager of the bank should be obtained before establishing or pursuing the business relationship with the foreign bank; while the instructions issued to exchange companies stipulate that the approval of the senior management/its authorized signatories should be obtained when establishing a relationship with the foreign financial institutions.
236. **Criterion 13.1.d (Met):** The instructions issued to banks and exchange companies require that each party should clearly understand its AML/CFT responsibilities.

**Criterion 13.2 (a, b) (Met)**

237. **Criterion 13.2.a:** Clause (8), paragraph (second) of article (8) of the instructions 14/2018 issued to banks refer to the obligation to verify that the foreign bank has performed CDD measures as regards its customers who have access to the payable through accounts.
238. **Criterion 13.2.b:** Clause (8) of the same paragraph of the instructions issued to banks refer to the obligation to verify that the foreign bank is able to provide information on customers who are authorized to use the payable through accounts and to provide information on the transactions performed on these accounts, when necessary.
239. **Criterion 13.3: (Met)** Clause (2), paragraph (first) of article (3) of the AML/CFT instructions issued to banks stipulates that banks are prohibited from entering into or continuing a banking relationship if it was found that there are dealings with fictitious banks. Banks should be satisfied that the foreign bank does not permit its accounts to be used by shell banks. Paragraph (first) of article (4) of the instructions issued to exchange companies prohibits them from entering into or continuing a banking relationship if it was found that the foreign financial institution has dealings with fictitious banks and requires them to be satisfied that foreign correspondent institutions do not permit their accounts to be used by shell banks.
240. The instructions issued to the companies subjected to the authority of JSC stipulate that they shall not enter into or continue a relationship with shell banks.
241. **Weighting and Conclusion:** Instructions issued to banks and exchange companies meet the requirements of this Recommendation.
242. **For the above-mentioned reasons, Jordan is Compliant with Recommendation.13.**

**Recommendation 14 : Money or value transfer services**

243. The Jordan was rated “Partially Compliant” in the MER during the first round, as regards the requirements of SRVI, where it was stated that the money transfer activity is not sufficiently regulated. Jordanian authorities have since then passed Law No.44 of 2015 on the exchange activity and issued the electronic payment and money transfer regulation No.111 of 2017. They have also issued AML/CFT instructions No.12/2018 to electronic payment and money transfer service companies and No.70/2018 to exchange companies.

244. **Criterion 14.1: (Met)** As to licensing the entities which provide money or value transfer services (MVTs), unlike banks, it is regulated by the money exchange business Law No.44 of 2015 which defines the exchange business as “dealing in foreign currencies and precious metals”. Article 3/a of the law stipulates that “no person shall practice money exchange business in Jordan without first obtaining a final license” and article 3/b stipulates that “no company shall be registered to practice money exchange business... except after obtaining the preliminary approval of the Board”, and the board as mentioned in the article means the board of directors of CBJ. Article 16 stipulates that “the issuance and receipt of money transfers” fall within the business conducted by the company licensed to practice the exchange business. Paragraph (a) of article 3 of the electronic payment and money transfer regulation No.111 of 2017 stipulates that the payment services may be practiced only after obtaining the necessary license from CBJ. The definition of “payment services” set out in this regulation includes “the issuance and management of the electronic transfer of money” through any of the public or private shareholding companies licensed to practice payment services. Therefore, the foregoing indicates that the issuance and receipt of money transfers are not only restricted to banks and exchange companies, considering that the provisions of instructions No.2 of 2018 are applicable to entities providing postal services, when providing the transfer service and which should reconcile their situations within a period of one year from the effective date of the regulation which ends on 18/3/2019.
245. It is worth noting that some of the exchange companies operating in Jordan are licensed to provide Hawala type services. The Money Exchange Supervision Department at CBJ made it clear that it has cancelled many of the approvals that have already been granted to exchange companies providing Hawala type services, yet the number money exchange companies licensed to provide Hawala service is still unclear.
246. There exists in Jordan other networks that provide value transfer services. These networks conclude agreements with some selected banks, exchange companies, and postal service providers. Entities providing postal services also provide value transfer services, yet they are not licensed by the CBJ, but would have to reconcile their situations as described below.
247. **Criterion 14.2: (Met)** Article 3 (para. A) of Law No.44 of 2015 on the exchange business stipulates that no person may practice money exchange activities without obtaining a license. Article 29 of the same law stipulates that anyone who violates the provisions of article 3 (paragraph a) shall be punished with imprisonment for a period not less than one month and not exceeding one year, and with a fine of no less than JOD /3,000/ and not exceeding JOD /20,000/. In case of recidivism, this penalty shall be doubled. The kingdom considers that the issuance and receipt of remittances provided for in Article 16 of this Law is a form of dealing in currency exchange that fall within the practice of money exchange. This was confirmed by court decisions in situations where the practice of this activity without a license was proven, and where perpetrators of practicing remittances without a license were tried and convicted as practicing the exchange activity (decision of the Magistrates Court of Amman No. 12.24/2017). Paragraph (f) of article 3 of the electronic payment and money transfer regulation No.111 of 2017 stipulates that anyone who violates the provisions of paragraph (a) of this article (which means the practice of payment services before obtaining the required license) shall be referred to the competent court and CBJ may request competent authorities to close the place where any of these activities was conducted. On the other hand, the CBJ has mechanisms and measures in place to identify natural or legal persons that carry out MVTs without a license or registration, these include: 1) Prohibiting banks from allowing customers to carry out money exchange and remittances through their accounts. 2) Reviewing AMLU feedback to identify any cases of dealings without a license. 3) Reviewing complaints received from financial sector customers. 4) Coordinating with the Jordanian Exchange Commission. 5) cooperating systematically with the PSD to identify cases of fund transfers without a license. 6) Cooperating with LEAs who are able to provide information through foot patrols and intelligence. It should be noted that entities providing postal services should reconcile their situations within a period of one year ending on 18/3/2019. The Jordanian Postal Company indicated that it is currently negotiating with CBJ to obtain licensing procedures for the provision of money transfer services through the Universal Postal Union systems.

248. **Criterion 14.3: (Mostly Met)** The provisions of the instructions issued to exchange companies (article 9) and entities providing postal services (article 11/first) are applicable to all incoming and outgoing transfers, including electronic transfers, regardless of their value. On the other hand, any payment service provider may provide electronic money transfer services after obtaining the approval of CBJ, according to article 20 of regulation No.111 of 2017. According to article 32 of the said regulation, the company and any other third party that has a contractual relationship with the company are subject to the supervision and oversight of CBJ. It is required according to article 53 of this regulation to abide by the provisions and procedures related to AML/CFT, as well as to arms proliferation which are all regulated under the relevant legislation or any instructions issued by the CBJ in this regard. The legal framework regulating the CBJ (Law No. 23 of 1971) allows it to carry out monitoring and supervision of any FI to ensure the safety of its financial position in accordance with the legislation in force and governance rules established by CBJ within instructions it issues for this purpose. This enabled CBJ to issue AML/CFT instructions to entities subjected to its supervision. As to providers of postal services which are subject to the supervision of the TRA, the Postal Services Law No. 34 of 2007 empowered the TRA to monitor their compliance with the provisions of this law (Article 9), without generalizing the text so as to cover their supervision, according to all the legislations in force. Postal services in accordance with the provisions of Article 11 include the issuance of internal and external postal remittances.
249. **Criterion 14.4: (Met)** According to article 49 of regulation No.111 of 2017, exchange companies engaged in the electronic money transfer activity are prohibited from delegating the provision of all or some services related to the electronic money transfer activity to any third party, unless it is an exchange company licensed to practice the electronic money transfer activity. Article 44 of the said regulation permits the company licensed as payment service provider to delegate the provision of all or some services it is licensed to engage in to a third party, through the instruments or systems it operates. The conditions for approval issued to exchange companies licensed as main agents stipulate that in case sub-agents are appointed, they should be only from licensed exchange companies, provided that the prior written approval of CBJ upon this dealing is obtained, and the main agents are also required to maintain a list of the sub-agents and this should be followed up through inspection. Instructions No.12/2018 stipulate that electronic payment and money transfer service companies should be required to maintain a current list of the third parties that have a contractual relationship with them, which would facilitate its access by competent authorities.
250. **Criterion 14.5: (Met)** Instructions No.12/2018 stipulate that electronic payment and money transfer service companies should be required to include third parties in their AML/CFT policies and monitor them for compliance with these policies. The conditions for approval issued to exchange companies licensed as main agents include the necessity to provide CBJ, whenever it is necessary, with internal and external audit reports, supervisory reports issued by the entity being dealt with and any supervisory reports on dealings handled by any sub-agents operating through the main agent.
251. **Weighting and Conclusion:** There are some deficiencies that are outlined in criteria 14.3 since law 34 of 2007 does not empower TRA to supervise postal services for their compliance with the AML/CFT requirements.
252. **For the above-mentioned reasons, Jordan is Largely Compliant with Recommendation.14.**

### **Recommendation 15 : New technologies**

253. The Jordan was rated “ Largely Compliant” in the MER during the first round, as regards to the requirements of Recommendation 8 at that time, where it was mentioned that it was not possible to judge FIs level of implementation of systems for follow-up and monitoring of transactions based on advanced technology and non- face to face transactions and -not issuing AML instructions in the insurance sector, knowing that Jordan issued during 2016 the required instructions to the insurance sector and the electronic payment and money transfer companies sector.
254. **Criterion 15.1: (Mostly Met)** The instructions issued to banks, exchange companies, insurance companies, electronic payment and money transfer service companies, companies engaged in leasing activity and companies subjected to the authority of JSC require them to identify and assess the ML/TF

risks that may arise in relation to the development of products in new business practices, including new service delivery means, and those which may arise in relation to the use of new or developing technologies in new business practices for both new and pre-existing products.

255. As to the instructions issued to entities providing postal services, they stipulate that enhanced due diligence measures should be performed for non-face-to-face transactions, particularly for the dealing conducted by using new technologies, such as the Internet or by using the electronic means of payment, without requiring them to identify and assess the risks that may arise in relation to the development of new products and new business practices, including new service delivery means.
256. The NRA was not fully completed but the executive summary of the preliminary ML NRA findings considers e-banking and ATM withdrawals (as a delivery channel) as presenting a moderate risk for ML.
257. **Criterion 15.2 (Met)** The instructions issued to the insurance sector, exchange companies and electronic payment and money transfer companies require to assess and identify the ML/TF risks prior to the launch of new or pre-existing products and to take appropriate measures to manage and mitigate the risks. As to the instructions issued to banks, they require them to assess risks which may arise from the use of new technologies and to take appropriate measures to manage and mitigate the risks. The same instructions apply to companies subjected to the authority of JSC, entities engaged in leasing activity and entities engaged in any of the financial activities, which require them to undertake the risk assessments prior to the practice or use of new technologies and to take appropriate measures to manage and mitigate those risks.
258. **Weighting and Conclusion:** There is no obligation requiring postal service providers to identify and assess risks that may arise when creating or developing new products. The regulatory texts for FIs (except for entities providing postal services) meet the requirements of C.15.1 and C.15.2.
259. **For the above-mentioned reasons, Jordan is Largely Compliant with Recommendation.15.**

#### **Recommendation 16: Wire transfers**

260. The Jordan was assessed during the first round in 2009 and SRVII was rated “Partially Compliant” at that time, due to the lack of serious monitoring of banks for compliance with the rules and regulations relating to the application of this recommendation, the lack of clarity on the effectiveness of the financial institutions' application of the obligations relating to the recommendation in the absence of adequate supervision and the lack of clarity of the sanctions that could be imposed in cases of violation of the instructions.

#### **Ordering financial institutions Criterion 16.1 (a, b) (Mostly Met)**

261. **Criterion 16.1.(a):** The instructions issued to banks (Article 10/2), electronic payment and money transfer service companies (Article 12/2) and entities providing postal services (Article 11/3) determine the information which should be obtained regarding the originator of the transfer (the originator' name, account number, address, Jordanian national number (ID number for non-Jordanians) and a reference number), without requiring them to verify the accuracy of this information, except that banks and electronic payment and money transfer service companies are required to verify the accuracy of this information in case of suspicion of ML/TF. As to the instructions issued to exchange companies (Article 9/3), they require that originator information regarding outgoing transfers should be obtained and verified for accuracy.
262. The instructions to banks and electronic payment and money transfer service companies apply to transfers below and above USD 1000 (equivalent of JOD 700), and apply to all transfers executed through exchange companies and entities providing postal services.
263. **Criterion 16.1 (b):** Instructions issued to banks, exchange companies, electronic payment and money transfer service companies and entities providing postal services require that the outgoing transfer should include the beneficiary's full name and their account number or to include a unique reference number for easy access. This applies to all outgoing transfers equivalent or above USD 1000

(equivalent of JOD 700).

264. **Criterion 16.2 (Partly Met):** The instructions issued to banks and exchange companies require that the ordering entity should include, for the bundled transfer, the originator's account number or reference number, and that full originator and beneficiary information should be maintained, without explicitly requiring them to insert in the transfers full beneficiary information that is traceable within the beneficiary country. As to entities providing postal services, they are required to maintain full originator information, while the instructions issued to electronic payment and money transfer companies require that the transfer should include a unique reference number of the originator and the required information about the originator and the beneficiary in a way that permits full traceability of this information by the recipient entity.
265. **Criterion 16.3 (Met):** The provisions of the instructions issued to banks and electronic payment and money transfer service companies are applicable to incoming and outgoing electronic transfers which are of a value exceeding 700 JOD (equivalent to \$986) or its equivalent in foreign currencies. As to exchange companies and entities providing postal services, they are required, according to their respective instructions, to obtain all the information required according to the requirements of this criterion, regardless of the value of the outgoing transfers.
266. **Criterion 16.4 (Met):** The instructions issued to exchange companies require that due diligence measures should be performed where there is a suspicion that the transaction is related to ML/TF, regardless of its value; while the instructions issued to entities providing postal services require them to perform CDD measures where there is a suspicion that a ML/TF transaction will occur. On a similar note, the instructions issued to electronic payment and money transfer service companies stipulate that the originator and beneficiary information should be verified for accuracy only where there is a suspicion of a ML/TF transaction. As to the instructions issued to banks, they do not necessarily require them to verify all the information before sending the transfer, except in case of ML/TF suspicion.
267. **Criterion 16.5 (Met):** The instructions issued to banks, exchange companies and entities providing postal services did not distinguish between cross-border and domestic wire transfers, therefore, it can be concluded that they are required to verify that the information that accompanies the domestic wire transfer includes the originator information, as indicated for cross-border wire transfers. As to the instructions issued to electronic payment and money transfer service companies, they require them to ensure that the information accompanying the transfer includes originator and beneficiary information, provided that the company is able to provide the recipient company or the official authorities with the required information.
268. **Criterion 16.6 (Met):** The instructions issued to banks require that the bank should be able to provide the recipient bank or the official authorities with the full information required within 3 working days of receiving the request and to be able to immediately respond to any order issued by the competent official authorities which compels the bank to immediately produce such information. As to the instructions issued to exchange companies and entities providing postal services, they require them to provide the recipient entity and the official authorities with full information on the transfers sent or received within 3 days and to immediately respond to any order issued by official authorities. The same instructions are applicable to electronic payment and money transfer service companies.
269. **Criterion 16.7 (Met):** The instructions issued to banks, electronic payment and money transfer service companies, exchange companies, and entities providing postal services require them to maintain records and documents supporting the ongoing relationships and bank transactions - obtained in application of their respective obligations, for at least 5 years from completion of the transaction or termination of the relationship, including the retention of copies of wire transfers that comprise the names of the originator and the beneficiary.
270. **Criterion 16.8 (Partly Met):** The instructions issued to banks and exchange companies stipulate that no transfer should be executed/issued if the requirements specified above are not met. As to the instructions issued to entities providing postal services, they stipulate that the transfers where the name of the originator or the beneficiary is incomplete, abbreviated or incompatible with the ID documents should not be executed. Nothing indicates whether electronic payment and money transfer companies originating the transfer are allowed to execute wire transfers if they do not comply with the

requirements specified in criteria 16.1 to 16.7.

#### **Intermediary financial institutions**

271. **Criterion 16.9 (Mostly Met):** The instructions issued to electronic payment and money transfer service companies stipulate that the intermediary company is required to ensure that all information that accompanies the electronic transfer is retained with it when executing the transfer, without determining the details of the information which should accompany the transfers, unlike the instructions issued to banks, exchange companies and entities providing postal services which require them to ensure that all the originator and beneficiary information that accompanies the transfer should be retained with it when executing the transfer.
272. **Criterion 16.10 (Met):** The instructions issued to banks, exchange companies, electronic payment and money transfer service companies and entities providing postal services require them, where they are prevented from keeping the required information retained with the transfer for technical reasons, to keep all the accompanying information received, for a period of five years.
273. **Criterion 16.11 (Met):** The instructions issued to banks, exchange companies, electronic payment and money transfer service companies and entities providing postal services stipulate that reasonable measures should be taken to identify the transfers that lack required originator information or required beneficiary information.
274. **Criterion 16.12 (Met):** The instructions issued to banks stipulate that effective policies and procedures should be put in place by relying on the estimated degree of risks in dealing with the transfers, and which determine when to execute or reject a transfer or to require additional relevant information and take appropriate follow-up action, including the immediate notification of the Unit. The same instructions are applicable to exchange companies, electronic payment and money transfer companies and entities providing postal services.

#### **Beneficiary financial institutions**

275. **Criterion 16.13 (Met):** The instructions issued to banks stipulate that banks should be required to put in place effective policies and procedures for determining when to execute or reject a transfer or to request additional information, for transfers lacking originator or beneficiary information and determining the appropriate follow-up actions, including the immediate notification of the Unit. The same instructions are applicable to exchange companies, electronic payment and money transfer companies and entities providing postal services.
276. **Criterion 16.14 (Met):** Instructions issued to banks (article 10/3), electronic payment and money transfer companies (Article 12/3-b), exchange companies (Article 8/5) and entities providing postal services (Article 11/5) stipulate that they are required to verify the identity of the beneficiary, if the identity has not been previously verified and to maintain this information. The instructions to banks apply to all incoming transfers of USD 1000 or more (equivalent of JOD 700), whereas those issued to the remaining entities apply to all transfers.
277. **Criterion 16.15 (Met):** The instructions issued to banks stipulate that effective - policies and procedures should be put in place by relying on the estimated degree of risks in dealing with the transfers, and which determine when to execute or reject a transfer or to require additional relevant information and take appropriate follow-up action, including the immediate notification of the Unit. The same instructions are applicable to exchange companies, electronic payment and money transfer companies and entities providing postal services.

#### **Money or value transfer service operators**

278. **Criterion 16.16 (Met):** The instructions issued to exchange companies are applicable to the agents of exchange companies which are prohibited, under article 49 of regulation No.111 of 2017, to delegate all or some services relating to the electronic money transfer activity to any third party, unless the latter is an exchange company licensed to practice the electronic money transfer activity. As to companies providing postal services, the instructions stipulate that the foreign branches and subsidiaries of the post operator should implement the strictest criteria possible in case the ML/TF requirements vary between the host country and home country; and the post operator should implement appropriate additional measures to manage the risks.



279. Banks and exchange companies provide money value transfer services and are obliged to be licensed. Some of the exchange companies operating in Jordan are licensed to provide Hawala- type services. There exists in Jordan other networks that provide value transfer services. These networks operate as part of commercial companies that provide licenses for some selected banks, exchange companies, and postal service providers (refer to Rec 14).
280. **Criterion 16.17 (Met):** The requirements of this recommendation are not applicable to banks, exchange companies and entities providing postal services, given that each of them does not control both the ordering and the beneficiary side of the transfer; while the instructions issued to electronic payment and money transfer service companies require them to obtain all the information on the originator and the beneficiary to determine whether a STR has to be filed and to notify the Unit where there is a transaction suspected to relate to money laundering and terrorist financing.

#### **Implementation of Targeted Financial Sanctions**

281. **Criterion 16.18 (Partly Met):** Instructions No.(1) of 2018 issued by the National Committee for the implementation of the obligations set out in UNSCRs No.1267 (1999), No.1989 (2011) and No.2253 (2015) require all FIs to refer to the sanctions list when conducting any transaction or entering into a new relationship with any person, to verify that they are not designated on the sanctions list. In case there is a matching or similar name, they should freeze the relevant funds and economic resources without delay and to immediately notify the Technical Committee of the related action that was taken in this respect, without requiring them to prohibit conducting transactions with persons and entities, as per the obligations set out in the UNSCRs, including UNSCRs 1267 and 1373 and successor resolutions.
282. **Weighting and Conclusion:** There are few deficiencies in criteria ( **16.2, 16.8, and 16.18**), given that no text requires FIs to verify the accuracy of originator of transfer's information, except that banks and electronic payment and money transfer service companies are required to verify the accuracy of this information in case of suspicion of ML/TF. No requirement to insert in the transfers full beneficiary information that is traceable within the beneficiary country. Absence of instructions that disallow electronic payment and money transfer companies from executing wire transfer if it doesn't comply with R.16 requirements, and no determining the details of the information which should accompany the transfers. Instructions issued by the National Committee for the implementation of the obligations set out in UNSCRs No.1267 (1999), No.1989 (2011) and No.2253 (2015) do not require FIs to prohibit conducting transactions with persons and entities, as per the obligations set out in the UNSCRs, including UNSCRs 1267 and 1373 and successor resolutions.
283. **For the above-mentioned reasons, Jordan is Largely Compliant with recommendation.16.**

#### **Recommendation 17: Reliance on third parties**

284. Jordan was rated Partially Compliant with former recommendation (9) relating to reliance on third parties and intermediaries, which corresponds to recommendation (17) in the new methodology, due to the failure to cover the instructions issued by JSC; the potential existence of third parties that Jordanian financial services companies might have had recourse to in order to establish relationships with some customers; the failure to issue AML/CFT instructions in insurance activities, and the failure of institutions to verify that third parties are subject to supervision.
285. **Criterion 17.1 (Mostly Met):** The instructions issued to FIs stated that the financial institution may rely on third parties to perform CDD measures (identification of the customer and his legal status, verification whether a person who is claiming to act on behalf of the customer is authorized to do so, identification of the beneficial owner, implementation of reasonable measures to verify the identity, and understanding the nature of the business), while the ultimate responsibility for CDD measures should remain with the company relying on the third party.
286. **Criterion 17.1.a (Met):** The instructions issued to FIs stated that the financial institution should immediately obtain the necessary information and documents concerning the CDD measures from the third party, without delay (according to Recommendation 10).

287. **Criterion 17.1.b (Met):** The instructions issued to FIs stated that the financial institution should take appropriate steps to verify that copies of customer identification data and other relevant documentation will be made available from the third party upon request and without delay.
288. **Criterion 17.1.c (Mostly Met):** The instructions issued to banks (article 7-first of instructions No.14 of 2018), exchange companies (article 4-eighth-a of instructions No.70 of 2018) and the securities sector (article 9 of the AML/CFT instructions for 2018), the entities engaged in any of the financial activities (paragraph (a), clause seven of article (5) of the AML/CFT instructions No.(1) of 2018), the insurance sector (paragraph (a) of article (14) of the AML/CFT instructions No.(2) of 2016 and their amendments) and the electronic payment and money transfer service companies (instructions 12/2018) permit these institutions to rely on third parties only if they are regulated and supervised. The instructions issued to the financing lease companies, and post companies mentioned that the third party is regulated and supervised, CDD measures should be taken, and records kept, while taking into consideration the information available on the level of risks in its country; however, no mechanism for record-keeping was identified clearly and in detail, in line with Recommendations (10, 11).
289. **Criterion 17.2 (Partly Met):** The instructions issued to FIs required financial institution that rely on a third party to verify the level of its country risk, and no reference was made to the measures taken by Jordan to determine the countries which meet the conditions based on their level of risks, and to prohibit relying on third parties to conduct elements of the CDD process if they are located in jurisdictions that do not have adequate AML/CFT systems.
290. **Criterion 17.3 (Mostly Met):** The instructions issued to FIs stated that the company may rely on a third party that is part of the same financial group.
291. **Criterion 17.3.a (Partly Met):** The instructions issued to exchange companies (article 4-eighth-b of instructions No.70 of 2018) and banks (article 7-first of instructions No.14 of 2018) stated that the institution may rely on a third party within the same financial group, provided that the financial group applies CDD as regards customers and PEPs, monitoring and record-keeping requirements, - AML/CFT awareness programs, in line with these instructions, which meets the criteria set out in recommendations (10, 11, 12, 18) and in line with the recommendation; however, the instructions issued to the securities sector, money service providers, financing lease companies, postal companies and entities engaged in any of the financial activities did not mention the measures taken as regards PEPs (Recommendation 12), and - the insurance sector instructions did not refer to the internal controls and foreign branches and subsidiaries (Recommendation 18) and record-keeping (Recommendation 11)
292. **Criterion 17.3.b (Met):** The instructions issued to FIs included the supervision of CDD - record-keeping requirements, and AML/CFT programs at a group level by a competent supervisory authority.
293. **Criterion 17.3.c (Met):** The instructions require FIs to take sufficient mitigation of any high risks in countries by implementing the group's AML/CFT policies.
294. **Weighting and Conclusion:** The instructions issued to FIs meet most of the requirements of the recommendation as regards reliance on third parties, with some deficiencies in criteria 17.2 and 17.3.a. It is worth noting that no AML/CFT instructions were issued to micro-finance companies.
295. **For the above-mentioned reasons, Jordan is Largely Compliant with Recommendation.17.**

### **Recommendation 18: Internal controls and foreign branches and subsidiaries**

296. Jordan was rated “Partially Compliant” in recommendations (15 and 22) relating to internal controls and other measures, which are equivalent to recommendation (18) in the new methodology, due to not issuing - AML instructions in insurance activities, the lack of training programs at FIs, other than banks, the absence of independent audit functions to test compliance with the internal AML/CFT control systems; and it did not appear that there are any obligations requiring FIs to put in place measures for inquiry to ensure high standards of competence when hiring employees and to ensure the independence of the compliance officer.
297. Taking into consideration the issues of materiality. It is worth noting that the proportion of micro-finance companies is very small compared to the size of the financial sector in Jordan, so it's not considered as a major deficiency in Jordan.

298. **Criterion 18.1 (Mostly Met):** The instructions issued to FIs included - establishment of an appropriate internal system that comprises internal policies, procedures and controls to manage and mitigate ML/TF risks, and which include the establishment of a clear AML/CFT policy based on risks and the size of the business, provided that it shall be updated on an on-going basis, according to the requirements of the criterion.
299. **Criterion 18.1.a (Met):** The instructions issued to FIs included the application of compliance management arrangements that included several points, such as the appointment of a compliance officer at the management level, the designation of a delegate in case he is absent, and notification of the AMLU and the supervisory authority of the same; and the establishment of an appropriate mechanism to verify compliance with the instructions, policies and procedures established by the compliance officer.
300. **Criterion 18.1.b (Met):** The instructions issued to post companies, exchange companies and entities engaged in any of the financial activities and the securities sector included the establishment of procedures when hiring employees and screening measure to verify that they are highly competent and not previously convicted of crimes involving immorality or dishonesty or of ML/TF crimes; while the instructions issued to banks, financing lease companies and insurance companies provided for the performance of screening procedures to ensure high standards of competence when hiring employees. The instructions issued to electronic payment and transfer service companies only mentioned that they should verify that those who were appointed have not been previously convicted of any crimes involving immorality or dishonesty or criminalized with ML/TF, and circular No.26/2/1/12258 issued to the payment service provider and the director of the electronic bill presentment and payment system stated that the employees who carry out the responsibilities of the compliance monitoring function should have the qualification, expertise, personal and professional characteristics that enable them to perform their duties efficiently, and to have a proper understanding of the laws, rules and standards.
301. **Criterion 18.1.c (Mostly Met):** The instructions issued to insurance companies and the post companies stipulated that there should be an on-going employee training program in general, without mentioning training in the AML/CFT field. While the instructions issued to exchange companies, entities engaged in any of the financial activities, banks, financing lease companies, and electronic payment and transfer service companies stated that employee training plans and programs in the AML/CFT field should be established.
302. **Criterion 18.1.d (Met):** The instructions issued to FIs included that independent and qualified staff should be allocated within the internal control department and equipped with sufficient resources to test compliance with the internal AML/CFT procedures, policies and controls.
303. **Criterion 18.2 (Mostly Met):** The instructions issued to FIs included the application of group-wide policies and procedures against ML/TF and to all branches and majority-owned subsidiaries, thereby meeting the criteria set out in criterion 18.1, except for the instructions issued to insurance companies which did not mention the appointment of a compliance officer.
304. **Criterion 18.2.a (Met):** The instructions issued to FIs included the application of policies and procedures for sharing information required for the purposes of CDD and ML/TF risk management at the group level.
305. **Criterion 18.2.b (Mostly Met):** The instructions issued to FIs included the provision, at group-level compliance, audit, and/or AML/CFT functions, of customer, account, and transaction information from branches and subsidiaries but those instructions did not comprise the analysis of reports, or unusual activities (in case the analysis is conducted) and obtaining this information by branches and subsidiaries from group-level functions when appropriate and relevant to risk management; except for the instructions issued to banks which meet the requirements of the criterion (article 9 - fifth of instructions No.14 of 2018), the securities sector (article 15 of the AML/CFT instructions for 2018), financing lease companies (article 9-1 of the AML/CFT instructions issued to companies engaged in the financing lease activity), entities engaged in any of the financial activities (article 8 of instructions No.1 of 2018) and the electronic payment and money transfer service provides (paragraph (e) of article 11 of instructions 12/2018).

306. **Criterion 18.2.c (Met):** The instructions issued to FIs included the provision of adequate safeguards on confidentiality and the use of information exchanged, including safeguards to prevent tipping-off.
307. **Criterion 18.3 (Met):** The instructions issued to FIs included that the instructions are applicable to foreign branches and subsidiaries of FIs, to the extent that the laws and regulations of the country where they operate permit, subject to the application of the strictest criteria possible in case the AML/CFT requirements vary between the host country and home country, and the company should apply appropriate additional measures to manage the -ML/TF risks, and inform the supervisor in the home country of any impediments or restrictions that could limit or inhibit implementation of the provisions of these instructions.
308. **Weighting and Conclusion:** The instructions issued to FIs mostly meet the requirements of the recommendation, except for some deficiencies mentioned in the analysis<sup>3</sup>. It is also worth noting that micro-finance companies do not meet the requirements of Recommendations 18, due to the absence of AML/CFT instructions.
309. **For the above-mentioned reasons, Jordan is Largely Compliant with recommendation.18.**

### **Recommendation 19: Higher-risk countries**

310. Jordan was rated Partially Compliant with former recommendation (21) relating to higher-risk countries, which corresponds to recommendation (19) in the new methodology, due to many reasons, including - not issuing AML instructions for insurance activities, in order to impose sanctions against companies in breach, not including obligations - which deals with persons in countries do not apply the FATF recommendations, the failure to address the requirements of the recommendation for the financial service companies, and failure to require exchange companies to examine the transactions with no apparent legal or economic purpose from countries which insufficiently apply the FATF recommendations.
311. **Criterion 19.1 (Mostly Met):** Article (14) of the AML/CFT Law required entities subjected to the provisions of the law to perform -CDD measures for the identification of the customer's identity, legal status, activity, and purpose and nature of the business relationship and the beneficial owner of the relationship between these entities and the customer. It did not appear to what extent the enhanced due diligence measures should be applied, in proportion with the risks, to business relationships and transactions with natural and legal persons from countries for which this is called for by the FATF, according to the requirements of the criterion.
312. The instructions issued to banks, exchange companies, securities sector, postal company, electronic payment and money transfer services companies, insurance companies and entities engaged in any of the financial activities stipulated that enhanced due diligence, proportionate to the risks, should apply, when identifying the customer and the necessary measures should be taken to examine the circumstances of the business relationships and transactions with persons who belong or reside in higher-risk countries and against which such measures are called for by the FATF, in line with the requirements of the criterion; while the instructions issued to the financing lease companies were only limited to the application of enhanced measures to transactions with natural or legal persons for which an action is called for by the FATF, without referring to the business relationships.
313. **Criterion 19.2 (Mostly Met):** The legislations in force and applicable by the supervisory and monitoring authorities of the financial sector permit the issuance of enforceable means requiring reporting entities to apply countermeasures proportionate to the risk level toward higher-risk countries. Supervisors of banks, exchange companies and financial brokerage companies issued instructions as regards the necessary application of proportionate measures when conducting transactions with higher-risk countries (determined by the authority itself). Additionally, financial supervisors may apply measures to the risk level when called upon to do so by the FATF (see criterion 19.3). It does not appear that this applies to supervisors of DNFBPs.
314. **Criterion 19.3 (Mostly Met):** CBJ-Department of Control of the national payments system -, JSC and the insurance Department issued, each, circulars - for recourse to the FATF website and - follow-up

of updates on the countries included in the lists of countries that have a strategic deficiency in AML/CFT. Supervisory authorities of DNFBPs did not issue circulars for the same purpose.

315. **Weighting and Conclusion:** Some instructions issued to FIs only provided for the implementation of enhanced due diligence as regards the customer or the beneficiary and not all the business relationships. It is worth noting that AML/CFT instructions were not issued to micro-finance companies.

316. **For the above-mentioned reasons, Jordan is Largely Compliant with Recommendation 19.**

#### **Recommendation 20: Reporting of suspicious transactions**

317. Jordan was rated Partially Compliant with former recommendation (13) for many reasons, including the inappropriateness of the scope of the ML predicate offenses, the lack of the AMLU's competence in exclusively receiving SARs, the absence of requirements set out in an initial or secondary legislation to report ML operations generated from or associated with terrorist financing. It was also rated Non-Compliant with the Special Recommendation (IV), due to lack of the AMLU's competence to receive SARs on terrorist financing and the absence of a text in an - preliminary or secondary legislation that requires reporting of suspicious transactions relating to terrorist financing. Both Recommendations correspond to recommendation (20) in the new methodology.

318. **Criterion (20.1) (Partly Met):** article (14) of 2007 AML/CFT Law stipulated that reporting entities should promptly report any transaction suspected to relate to ML/TF, regardless of whether it was conducted or not, using the means or the form approved by AMLU.

319. The law did not include an obligation requiring reporting entities to report a suspicion that the funds are the proceeds of a criminal activity.

320. **Criterion (20.2) (Partly Met):** As indicated above, reporting entities are required to report suspicious transaction if it is related to ML/TF regardless of whether it was conducted or not . However, this text does not require FIs to report all suspicious transactions, including the case where the funds are suspected to be the proceeds of a criminal activity.

321. **Weighting and Conclusion:** The legal text and the instructions issued to FIs were only limited - to report any transaction suspected to relate to ML/TF, which is not consistent with recommendation 20 which stipulates that FIs should be required, under the law, to report cases suspected to involve funds which are the proceeds of a criminal activity and all the suspicious transactions including attempted transactions, regardless of the amount of the transaction.

322. **For the above-mentioned reasons, Jordan is Partially Compliant with recommendation.20.**

#### **Recommendation 21: Tipping-off and confidentiality**

323. The country was rated Compliant with Recommendation (14) which corresponds to Recommendation(21) in the new methodology.

324. **Criterion (21.1) (Partly Met):** Article 16 of 2007 AML/CFT Law states that no penal, civil, administrative or disciplinary liabilities shall be borne by any natural or legal person, including FIs, referred to in Article (13) of this law when any of them reports, in good faith, any transactions suspected to relate to ML/TF or submits information or data related thereto in accordance with the provisions of this law. However, the law has only stipulated the provision of protection when reporting transactions suspected to relate to a ML/TF operation or when providing relevant information or data and it did not comprise the protection of FIs when disclosing any information in good faith, in case of suspicion, or if the underlying criminal activity is not known, regardless of whether the criminal activity actually occurred. The law protection also did not cover FIs directors, officers and employees.

325. **Criterion 21.2 (Partly Met):** Article (15) of Law No.(46) of 2007 prohibited disclosure, whether directly or indirectly, by any means, of the fact that the AMLU was notified, according to the provisions of this law or about any of the notification procedures known to the reporting entities.

326. Paragraph (b) of article (11) of Law No.(46) of 2007 prohibited the disclosure of information to all persons who ,directly or indirectly, have access to or possess ex-officio information submitted or exchanged in accordance with the provisions of the law, regulations and instructions issued thereunder.

327. Article (5) of instructions No.(1) of 2015 on the forms and the means used to report transactions suspected to relate to ML/TF requires entities subjected to the provisions of the law to maintain the confidentiality of the information contained in the reporting form and not to disclose it to any entity, including the suspected customer, and to verify that no action that might tip off the suspected customer of the fact that the STR was sent to the AMLU is taken.
328. The Jordanian legislations did not include that the provisions on tipping-off and confidentiality should not inhibit the sharing of information at group-level according to criterion (18.2).
329. **Weighting and Conclusion:** The law did not comprise the protection of FIs when disclosing any information in good faith, in case of suspicion, or if the underlying criminal activity is not known, regardless of whether the criminal activity actually occurred. The law protection also did not cover FIs directors, officers and employees. In addition, the law does not include that the provisions on tipping-off and confidentiality should not inhibit the sharing of information at group-level.
330. **For the above-mentioned reasons, Jordan is Partially Compliant with Recommendation.21.**

### **Recommendation 22: DNFBPs: Customer due diligence**

331. In the first round of Mutual Evaluation process, Jordan was rated “Partially Compliant” with former recommendation 12 -, which corresponds to recommendation 22 in the new methodology, due to the near absence of the appropriate legal and regulatory framework requiring DNFBPs to comply with most of the requirements of recommendation 5, in terms of the obligations and covering recommendations 6, 8, 9, 10 and 11, in addition to monitoring and supervision, as well as compliance.
332. **Criterion 22.1 (Partly Met)** DNFBPs were determined in article 13-b of 2007 AML/CFT Law and they include all the categories of activities specified in the international standards except casinos.
333. **Criterion 22.1.a (Not Applicable) Casinos:** Licensing of casinos in Jordan is not permitted.
334. **Criterion 22.1.b Real Estate Agents (Met):** 2007 AML/CFT Law determines the same CDD requirements for FIs and DNFBPs, which were mentioned in recommendation (10) relating to customer due diligence. The instructions issued to real estate offices (AML/CFT instructions issued to licensed real estate offices for 2018) are in line with the requirements of the Recommendation.
335. **Criterion 22.1.c. Dealers in precious metals, and dealers in precious stones (Partly Met):** 2007 AML/CFT Law determines the same CDD requirements for FIs and DNFBPs, which were mentioned in Recommendation (10) relating to customer due diligence. The instructions issued to dealers in precious metals, and dealers in precious stones (AML/CFT instructions issued to goldsmith, precious jewels and precious stones sale stores, for 2014) are in line with the requirements of the Recommendation, with deficiencies in identifying and taking reasonable measures to identify the beneficial owner of the trusts, the identity of the settlor, the trustee(s), the protector, the beneficiaries or class of beneficiaries, and any other natural person exercising ultimate effective control (C. 10.11.a); requirement to adopt risk management procedures concerning the conditions under which a customer may utilise the business relationship prior to verification (C.10.15); and applying CDD requirements to existing customers on the basis of materiality and risk, and to conduct due diligence on such existing relationships at appropriate times, taking into account whether and when (C.10.16).
336. **Criterion 22.1.d Lawyers, notaries, other independent legal professionals, and independent accountants (Not Met):** No instructions were issued to lawyers, other independent legal professionals and independent accountants. As to the public notaries, they are governmental employees who report to MOJ, and they don’t perform any of the activities mentioned in this criterion
337. **Criterion 22.1.e (Not Applicable): Trust and companies service providers:** There are no persons or entities in Jordan engaged in these activities.
338. **Criterion 22.2 (Partly Met):** DNFBPs are subject to the same requirements referred to in Recommendation
- (10) relating to record keeping (paragraph 6 of article 14 of 2007 AML/CFT Law); and the instructions issued to the jewelry stores are largely consistent with the requirements of the criterion. Instructions issued to real estate offices stipulates that the office should keep the registers, instruments and

legal documents on the domestic and international transactions it conducts , and no instructions were issued to lawyers, legal professionals, accountants, and persons or entities which undertake, on behalf of others, the creation or management of any legal person, or buying and selling of business shops.

339. **Criterion 22.3 (Not Met):** The instructions issued to jewelry stores and real estate offices are consistent with the requirements of the criterion. However, no instructions were issued to lawyers, legal professionals, accountants, and persons or entities which undertake, on behalf of others, the creation or management of any legal person, or buying and selling of business shops.
340. **Criterion 22.4 (Not Met):** The instructions issued to real estate offices are consistent with the requirements of the criterion, while those issued to jewelry stores did not require them to comply with the requirements of the criterion and no instructions were issued to lawyers, legal professionals, accountants, and persons or entities which undertake, on behalf of others, the creation or management of any legal person, or buying and selling of business shops.
341. **Criterion 22.5 (Not Met):** The instructions issued to real estate offices are consistent with the requirements of the criterion, while the requirements of the criterion were not included in the instructions issued to jewelry stores and no instructions were issued to lawyers, legal professionals, accountants, and persons or entities which undertake, on behalf of others, the creation or management of any legal person, or buying and selling of business shops.
342. **Weighting and Conclusion:** No instructions or any other enforceable means were issued to lawyers, legal professionals, accountants and persons or entities which undertake, on behalf of others, the creation or management of any legal person, or buying and selling of business shops. As to the instructions issued to jewelry stores, they mostly meet the criteria of recommendation 10, with deficiencies in meeting the criteria of recommendations 15 and 17. In addition, 2007 AML/CFT Law did not explicitly refer to any AML/CFT obligations on lawyers, accountants and licensed notaries.
343. **For the above-mentioned reasons, Jordan is Non-Compliant with recommendation.22.**

### **Recommendation 23: DNFBNs: Other measures**

344. The Jordan was rated Non-Compliant with recommendation 16 in the MER, which corresponds to recommendation 23 in the new methodology, due to many reasons, - because of not distinguishing between financial institutions and non-financial professions in the law, the failure to include real estate intermediary offices among the real estate dealers who are subjected to the law, the failure of lawyers and accountants to be subjected to the AML law; and non-financial businesses and professions are not subject to any obligation to report details of transactions they suspect to conceal a terrorist financing.
345. **Criterion 23.1 (Partly Met):** Clause 3, paragraph a of article 14 of 2007 AML/CFT Law stipulated that DNFBNs which are subjected to the provisions of the said law should promptly report any transaction suspected to relate to ML/TF, regardless of whether it was conducted or not, using the means or the form approved by AMLU. However, the law omitted the reporting of transactions suspected to involve funds which are the proceeds of a criminal activity, regardless of the amount of the transaction.
- a. Lawyers, notaries, other independent legal professionals and accountants: No instructions were issued to lawyers, legal professionals, accountants, and persons or entities which undertake, on behalf of others, the creation or management of any legal person, or buying and selling of business entities.
  - b. Dealers in precious metal or stones: Instructions issued to jewelry stores (AML/CFT instructions issued to goldsmith, precious jewelry and precious stones stores, for 2014) included only the reporting of transactions suspected to relate to ML/TF, to AMLU, and omitted the reporting of transactions in which the funds are suspected to be the proceeds of a criminal activity and also the attempts to complete the transactions.
  - c. Trust and company service providers: There are no persons or entities in Jordan engaged in these activities

346. **Criterion 23.2 (Not Met):** DNFBPs are subjected to the same internal controls requirements set out in Recommendation (18) and the instructions issued to real estate offices are consistent with the requirements of the criterion, with a shortage in meeting criterion (18.3), given that the instructions mentioned that they are applicable to foreign branches and subsidiaries to the extent that the laws and regulations of the countries where they operate permit, subject to the application of the strictest criteria possible in case the AML/CFT requirements vary between the host country and home country; and the company should apply appropriate additional measures to manage the ML/TF risks, and notify the supervisory authority in the home country of any impediments or restrictions that could limit or inhibit implementation of the provisions of these instructions; however, this does not constitute an obligation for real estate agents to verify that foreign branches and subsidiaries are applying these measures. While the instructions issued to jewellery stores (considered as dealers in precious metals and dealers in precious stones) did not bind them to all the sub-criteria set out in the recommendation, such as requiring them to have an independent audit function to test the system and to determine screening procedures in order to ensure high standards when hiring employees, as well as determining the extent to which these programs are implemented at group-level or to all domestic or foreign branches and policies for sharing information at group-level are executed, in addition to the determination of safeguards on the confidentiality of this information. No instructions were issued to lawyers, legal professionals and accountants.
347. **Criterion 23.3 (Not Met):** DNFBPs are subjected to the same higher-risk countries requirements set out in recommendation (19). The instructions issued to dealers in precious metals and dealers in precious stones and real estate offices required them to apply enhanced due diligence measures for transactions with persons in countries which do not have appropriate AML systems in addition to higher-risk countries for which this measure is called for by the FATF. No reference was made to business relationships. The remaining criteria of recommendation 19 were not met. Furthermore, there were no instructions issued to lawyers, legal professionals and accountants.
348. **Criterion 23.4 (Not Met):** Non-financial entities are subjected to the same tipping-off and confidentiality requirements set out in recommendation (21). Article (16) of the AML/CFT Law stated that no penal, civil, administrative or disciplinary liabilities shall be borne by any natural or legal person among the entities referred to in this law when any of them reports, in good faith, any transactions suspected to relate to ML/TF or submits information or data related thereto. The law did not mention that protection upon disclosure is available only when filing a STR to the AMLU and the liability should elapse when reporting information to the AMLU in general and not only when reporting transactions suspected to relate to a ML/TF transaction or when providing relevant information or data.
349. Article (15) of the law prohibited disclosure, by any means, directly or indirectly about notifying the AMLU in accordance with the provisions of this law, or about any of the notification procedures known to the reporting entities. This was also referred to in the instructions issued to jewelry stores and real estate offices, while no instructions were issued to lawyers, legal professionals, and accountants to this end.
350. **Weighting and Conclusion:** No instructions or any other enforceable means were issued to lawyers, legal professionals and accountants and the instructions issued to jewelry stores and real estate offices did not mostly meet the criteria relating to recommendation 20, given that the reporting was limited to transactions suspected to involve money laundering; while the instructions issued to jewelry stores did not include the criteria relating to Recommendation 18, in terms of the absence of an independent audit AMLU to test the system and the failure to apply screening procedures to ensure high standards of competence when hiring employees.
351. **For the above-mentioned reasons, Jordan is Non-Compliant with recommendation.23**

**Recommendation 24: Transparency and beneficial ownership of legal persons:**

352. The Jordan was rated Partially Compliant in the first MER in 2009, as regards the recommendation relating to legal persons - obtaining information on beneficial ownership and controlling interests (Recommendation 33 at that time). The main deficiencies were the lack of evidence about the authorities' verification that the partners and the shareholders are the beneficial owners; the ambiguity



on how the authorities verify beneficial ownership information; and not - obtaining the required information in a timely manner. In 2014, CCD undertook several regulatory reforms to meet the requirements of the international standards.

**Criterion 24.1 (a, b): (Mostly Met)**

353. **Criterion 24.1.a (Met):** The Jordanian Companies Law No.22 of 1997, and more particularly article (6) thereof provided for the types of companies, as follows: joint partnership company, simple partnership company, limited liability companies, limited share partnership company, private shareholding company and public shareholding company. The Companies Law determined the mechanisms that identify and describe the types, forms and basic features of legal persons which can be created in Jordan. This information is publicly available.
354. **Criterion 24.1 b (Partly Met):** There is a mechanism to identify and describe the processes for the creation of legal persons (companies law No.22 of 1997), and for obtaining and recording basic information. However, the mechanism for obtaining and recording beneficial ownership information is not publicly available (see IO.5).
355. **Criterion 24.2: (Partly Met)** Jordan has not conducted a ML/TF risk assessment with regards to all types of legal persons created in the country, however, the national risk assessment partly covered the assessment of legal persons. Jordan conducted the assessment with respect to the companies that need a period license or a preliminary approval from supervisors. Yet, Jordan still needs to conduct a comprehensive ML/TF risk assessment for all types of legal persons.

**Basic Information**

356. **Criterion 24.3: (Met)** Companies created under the Companies Law above, are required to be registered (Article 7), and must have a company agreement before being able to operate. According to Art.11 of the Companies Law, this document should be presented to the Registry. The company agreement and its statement must include the following:
- Title of the Company and its trade name, if any.
  - Names of the partners and the nationality, age and address of each of them.
  - Headquarters of the Company.
  - The Company's capital and each partner's share therein.
  - Objectives of the Company.
  - Duration of the Company, if it is limited.
  - Name of the partner or names of the partners authorized to manage and sign on behalf of the Company and their powers.
  - The status of the Company in the event of the death, bankruptcy, or the declaration of incompetence of any or all of its partners.
357. **Criterion 24.4: (Met)** According to article 98 of the company law, companies are required to maintain the information above mentioned (C.24.3), and to maintain a register of their shareholders or members, containing the number of shares held by each shareholder and categories of shares (including the nature of the associated voting rights). Additionally, CCD keeps records of all types of companies, as regards the shareholders (except for the public shareholding companies for which the JSC is mandated to keep their records, given that it is the authority that supervises the trading of companies shares in the financial market), as the Department keeps the partners names, number of stocks/shares, the memorandums of association and the articles of association of all types of companies and relevant provisions in terms of privileges and rights of partners/shareholders, including the voting rights for private shareholding companies. This applies to foreign companies (Art.242 of the Companies Law).
358. **Criterion 24.5 (Partly Met)** Article 14 (71/b) (242/b) of the Companies Law stipulated that when a change or amendment is made to the company's data, these changes should be submitted within 30 days from their occurrence, according to the procedures set out in the law. However, there is no mechanism that permits to ensure that the information is accurate and updated in a timely manner.

**Beneficial ownership information**

359. **Criterion 24.6 (a, b, c): (Mostly Met)** AMLU is authorized, according to 2007 AML/CFT law, to request information, including beneficial ownership information, and information on companies

listed on a stock exchange from FIs, DNFBPs and competent authorities that hold such information (JSC, MITS, ...etc). It is not clear that the Companies Control Department is obtaining and maintaining up-to-date beneficial ownership information.

360. **Criterion 24.7: (Mostly Met)** Article 14 of the AML/CFT law requires entities subjected to this law to keep beneficial ownership information for a period of five years and to update it periodically. In addition instructions issued to banks (article 4/fourth/2) requires them all to identify the beneficial owner and take reasonable measures to verify its identity, using the relevant data or information obtained from official documents and data, such that they are satisfied that they know who the beneficial owner is. Clause 8.1 of the same article requires banks to ensure that all documents or data or information obtained under the CDD process is kept up-to-date and relevant, by undertaking reviews of existing records. These instructions are applied to FIs subjected to AML/CFT law, but there are no instructions to these entities regarding the accuracy of the information.
361. **Criterion 24.8 (a, b, c): (Met) Jordan** can obtain BO information by relying on the CCD website, the MITS website and official correspondence. Furthermore, article 242 of the Companies Law gives the CCD the authority to obtain information it seeks from registered companies and requires them to provide the Department with an update of the latest changes within one month after they are made.
362. **Criterion 24.9: (Mostly Met):** Article (3) of Companies Law (legal entities) did required their documents should be kept for ten years and the Companies Control Department does not destroy any documents related to the companies registered at it.

#### **Other Requirements**

363. **Criterion 24.10: (Mostly Met)** The Companies Control Department website makes the companies data that includes basic information on the company available for the public. The AMLU is authorized, according to 2007 AML/CFT law, to request information, including basic and beneficial ownership information, from FIs and DNFBPs. AMLU is also authorized to provide responses to requests of information of its counterparts (articles 18 and 19 of 2007 AML/CFT law). LEAs have a wide power to access the necessary information held by FIs and DNFBPs when conducting an investigation (article 98 of the criminal procedures law).
364. **Criterion 24.11: (Met)** The Jordanian Companies Law No.22 of 1997 and its amendments prohibited public shareholding companies from issuing bearer shares and bearer shares or promissory shares.
365. **Criterion 24.12: (Mostly Met)** Jordan stated that shares may not be registered in the name of their owner's delegate or legal agent. The concept of nominee shares set out in article (95/a) of the Companies Law is intended for the determination of the nominal value of the share which is JOD 1. However, nothing explicitly prevents from having nominee shares or nominee directors.

#### **Criterion 24.13: (Partly Met)**

366. Sanctions are imposed against natural persons (art 282 of companies' law) who fail to comply with the requirements of the Companies Law with a fine of JOD 100 – 1000 (USD 140-1400). For legal persons (article 279 of companies' law), breaches the companies law requirement are sanctioned with JOD 1000 – 10000 (USD 1400-14000).
367. Sanctions mentioned above for both natural persons and legal persons are neither dissuasive nor proportionate.
368. **Criterion (24.14 (a, b, c) (Mostly Met):** Jordan cannot adequately provide international cooperation related to information and beneficial ownership. On the other hand, basic information on the company, and information on shareholders could be shared pursuant to official letters addressed by MOFA to the MOITS.
369. **Criterion 24.15 (Not Met):** There is no mechanism to monitor the quality of assistance that Jordan receives from other countries in response to requests for basic and beneficial ownership information or requests for assistance in locating beneficial owners residing abroad.

#### **Weighting and Conclusion:**

370. There is a mechanism to identify and describe the processes for the creation of legal persons. However, the mechanism for obtaining and recording beneficial ownership information is not publicly available. Jordan has not conducted a ML/TF risk assessment with regards to all types of legal persons

created in the country, however, the national risk assessment partly covered the assessment of legal persons. The Companies Law stipulated that when a change or amendment is made to the company's data, these changes should be submitted within 30 days from their occurrence. However, there is no mechanism that permits to ensure that the information is accurate and updated in a timely manner. There is no mechanism to monitor the quality of assistance that Jordan receives from other countries in response to requests for basic and beneficial ownership information or requests for assistance in locating beneficial owners residing abroad.

**371. For the above-mentioned reasons, Jordan is Partially Compliant with Recommendation.24.  
Recommendation 25: Transparency and beneficial ownership of legal arrangements**

372. Jordan was rated “not applicable” in the first round, as regards recommendation 34 formerly “legal arrangements - access to beneficial ownership and control information” for not exercising the activity of trust funds in Jordan.

373. Jordanian legislations do not provide for the permission to create trust funds, but nothing prevents foreign trust funds (created abroad) from exercising their activity in Jordan, holding assets therein or having a trustee for the foreign trust fund. Jordanian legislations permit the creation of awqaf "endowments" which were defined in the Law of Awqaf, Islamic Affairs and Holy Sites No.32 of 2001 as “withholding the property of the owner for Allah the Almighty in order to allocate its benefits, even funds, for charity and for good deeds”, and these are legal arrangements that are similar to trust funds and permit to separate between asset control and ownership and they also comprise some characteristics of legal persons in terms of the possession of shares and maintenance of bank accounts. The authority supervising this type of arrangements is MOAIAHP.

374. According to Jordan it is not possible for a person to act as a professional trustee in Jordan (for example an FI or a DNFBP).

**Criterion 25.1 (Not Met):**

375. **Criterion 25.1.a (Not Met):** Settlers of AWQAF are not required to obtain and hold adequate, accurate, and current information on the identity of the settlor, the beneficiaries, and any other natural person exercising ultimate effective control over the Awqaf.

376. **Criterion 25.1.b (Not Met):** There are no measures to obtain and hold basic information on other regulated agents of, and service providers to, the Awqaf, including the investment consultants, administrators, accountants and tax advisors.

377. **Criterion 25.1.c (Not Met):** There is no time period determined for record-keeping.

378. **Criterion 25.2 (Not Met):** No reference was made to the obligation to verify their accuracy and to determine the frequency of updating.

379. **Criterion 25.3 (Not Met):** There are no measures to ensure that trustees disclose their status to financial institutions and DNFBPs when forming a business relationship or carrying out an occasional transaction above the threshold.

380. **Criterion 25.4 (Met):** Trustees are not prevented by the Jordanian law or any enforceable means in Jordan from providing competent authorities with any information relating to the Awqaf; or from providing financial institutions with information on the beneficial ownership.

381. **Criterion 25.5 (Mostly Met):** LEA have powers to access necessary information held by FIs or DNFBPs when conducting investigation (General Procedural System, Art. 98) as indicated under R.31. Generality of the text allows LEAs to obtain information on the beneficial ownership; the residence of the trustee; and any assets held or managed by FI or DNFBP, in relation to any trustees with which they have a business relationship, or for which they undertake an occasional transaction. Though, there is no text indicating specific time to obtain information within.

382. **Criterion 25.6 (a, b, c) (Not Met):** The mandates of the Directorate of Awqaf Properties referred to in the law of Awqaf, Islamic Affairs and Holy Sites did not include any reference to international cooperation in terms of facilitating access by foreign competent authorities to basic information, or exchanging information. They did not include either the use of investigative powers granted to their competent authorities in order to obtain beneficial ownership information on behalf of foreign

counterparts.

383. **Criterion 25.7 (Not Met):** There is no legislation that subjects trustees to legal liability for failure to perform their obligations and that imposes proportionate and dissuasive sanctions, (whether criminal, civil or administrative), for non-compliance.
384. **Criterion 25.8 (Not Met):** In addition to the near absence of retaining Awqaf information as mentioned in criterion 25.1, there are no proportionate and dissuasive sanctions, (whether criminal, civil or administrative), for failing to permit to competent authorities timely access to information regarding the trust.
385. **Weighting and Conclusion:** Trustees of the Awqaf are required to keep information relevant to the Awqaf, and the trustees and Awqaf service providers lack the measures to obtain and hold information on the other regulated agents and there are no measures to ensure disclosure by trustees of their status to FIs and DNFBPs. In addition, there are no enforceable means that grant Jordanian LEAs the power to obtain timely access to information held by trustees, and other parties, on beneficial ownership and control over the Awqaf. There are no measures for the prompt provision of international cooperation as regards Awqaf information. There is no legislation that subjects trustees to legal liability for failure to perform their obligations and that imposes proportionate and dissuasive sanctions, (whether criminal, civil or administrative), for non-compliance
386. **For the above-mentioned reasons, Jordan is Non-Compliant with recommendation.25.**

### **Recommendation 26: Regulation and supervision of financial institutions**

387. The Jordan was rated "Partially Compliant" in the requirements of former recommendation 23 on the supervisory and monitoring system, during the first round of the mutual evaluation process (in 2009), due to the ineffectiveness of supervision over FIs, other than banks and exchange companies; the failure to activate the supervisory and monitoring tasks for both authorities supervising the insurance, securities and financial markets in the AML field; the failure to subject the financing lease sector in Jordan to regulation, to establish supervisory and monitoring criteria for the registration and practice of activity, to consider the implementation of dissuasive measures against entities which did not apply for registration and the necessity of applying regulatory and supervisory measures for prudential purposes at FIs, other than banks and insurance companies.

#### **Criterion (26.1) (Met):**

388. According to the requirements of article 18 of AML/CFT Law No.46 of 2007, supervisory authorities must undertake the following, without prejudice to the powers entrusted to them by virtue of special domestic legislations:
- To establish and provide the means necessary to verify the compliance of the entities set out in article 13 of the provisions of this law, as well as the regulations, the instructions and the decisions issued thereunder and to determine the relevant methods of implementation;
  - To report to AMLU relevant suspicions, once detected while performing their competences.
389. Considering the specific competences of CBJ, JSC, InD at the MOITS and the TRA,, it appears that the scope of regulation and supervision applies to their traditional functions to ensure financial and banking security and stability and protection of investors, and the seriousness of the measures taken by them in the context of compliance monitoring, and through the issuance of orders, instructions, circulars and carrying out on-site and off-site desk monitoring and training for AML/CFT purposes.

#### **Market entry**

#### **Criterion (26.2) (Met):**

390. Clear legislative and regulatory controls <sup>40</sup>govern the licensing and accreditation measures for all entities acting in the financial and banking sector and specify the basis for regulating and monitoring their operations (to establish special functions to receive and study the applications for license and accreditation, to determine the cases of cancellation, and to enumerate the relevant nominal and

<sup>40</sup> Article 4 of CBJ Law No.23 of 1971, article 4 of the Banking Law No.28 of 2000, articles 3 and 16 of the exchange business Law No.44 of 2015, article 4 of the electronic payment and money transfer regulation No.111 of 2017, article 47 of the securities Law No.18 of 2017, articles 24, 25, 36, 45, 46, 54 and 55 of the Law No.33 of 1999 regulating the insurance business.

objective conditions). Anyone who is engaged in these acts or who provided such services without a final written approval from the competent authority in violation of the procedures in force in this regard shall be subject to the financial and custodial sanctions legally prescribed.

391. These provisions shall absolutely inhibit the creation of shell banks, however, the impediments precluding the continuance of their work, if any, were not examined. The obligation of entities subjected to the requirements of 2007 AML/CFT Law to refrain from dealing with fictitious banks is referred to in article 14.a.2. The sectorial instructions included the same obligation.

**Criterion (26.3) (Mostly Met)**

392. The legislation in force<sup>41</sup> appropriated, at varying degrees, special provisions on the prevention of criminals or associates from holding significant or controlling interests, or holding senior management positions in any FIs, by:

- Determining the initial “source” of the capital which is intended for investment and assessing the financial solvency of the main shareholders and their ability to provide further financial support when necessary;
- Implementing appropriate measures to verify the identity of the beneficial owner and close associates by having a complete knowledge of the ownership structure of the legal person, to monitor the direct or indirect controlling ownership interests (and determining the percentages of these shareholdings) and the subsequent changes made thereto or the effective control over the legal person;
- Ensuring the proper conduct and behaviour and high competence of the natural persons who occupy prominent management positions;
- Conducting off-site and on-site tests to ensure that the prevailing conditions are observed upon final ratification.

393. The requirements set out in articles 7 and 28 of the electronic payment and money transfer regulation No.111 of 2017 and instructions No.116 of 2017 on mobile payment do not ensure the “comprehensive” coverage of the requirements of this criterion.

394. However, the licensing and registration procedures in force hardly contain “written standards” for the establishment and verification of the identity of local and foreign natural and legal shareholders or consolidated criteria for the identification of the beneficial owner who owns a controlling shareholding interest in the ownership structure of the legal person or who exercises an effective control over the legal person..

395. In the banking sector, without prejudice to the arrangements set out in the guiding rules for banks licensing for 2006, the measures which are applicable in this field do not go beyond the collection of information on any person wishing, whether alone or with a close associate, to own an effective interest or to increase the ownership of an effective interest in the capital of any bank, pursuant to “his declarations” (supported by official documents) regarding the percentage of the effective interest, his financial solvency, the shares and interests he or his close associates owns directly or indirectly in all the banks and subsidiaries or the companies which control them and relevant information<sup>42</sup>. The Central Bank keeps a register of these applications which contains the measures taken in their regard. Minutes of meetings of the General Authority of Banks which provide information on shareholders who attended the meetings, the percentage of shares in the capital, the cases where the delegation of powers is sought by virtue of a power of attorney, which would disclose the identity of the person who exercises an effective control over the legal person are used.

396. The practical measures are limited, in most cases, to the establishment of the identity of the shareholders and acting parties through the database of the Companies Department<sup>43</sup> and the

<sup>41</sup> Article 13 of the Banking Law No.28 of 2000, article 13 of the exchange Law No.44 of 2015, articles 34, 35, 37, 43, 45, 54, 55, 91, 96, and 99 of the securities law, articles 7 and 8 of the AML/CFT instructions in securities activities for 2010, articles 8 and 11 of the instructions for disclosure of exporting companies, accounting standards and auditing standards for 2005, article 31 of the insurance Law No.33 of 1999, article 8 of the AML/CFT instructions No.2 of 2016 in insurance activities, article 6 of instructions No.11 of 2005 for licensing the insurance broker and regulating its business and responsibilities, article 5 of instructions No.4 of 2005 for licensing the re-insurance broker and regulating his business and responsibilities, and article 6 of instructions No.4 of 2010 for licensing the person authorized to underwrite and regulating his business and responsibilities.

<sup>42</sup> Controlling interest” instructions No.49/2010 issued by the CBJ on 2 May 2010

<sup>43</sup> Access to the companies database revealed that the information on some companies is not updated, and that the ID numbers of shareholders and acting entities are not available, in addition to the absence of information on agents, -given that this information is included only in the minutes of the plenary meetings

verification of the validity of the local official evidential documents through the database of the civil and foreign status by using the ratification procedure, in addition to the access to special computer systems. These measures are given effect in case the ownership structure (assignment of shares or offering of new shares) is amended. “The controlling share” or “the controlling interest” varies from one entity to another, even between the components of the same sector (5, 10, 25, and 51%).

397. On a similar note, the licensing and registration procedures for companies located in the free zone do not require the verification of the non-conviction for local shareholders in case share are assigned to them.

**Risk-based approach to supervision and monitoring Criterion (26.4) - Mostly Met.**

398. **Criterion (26.4.a, ):** The financial and banking sector supervisors have adopted a supervisory risk-based approach. The Banking Supervision Department and the Jordan Securities Commission (JSC) have developed IT programs for ML/TF risks that enable them to classify subjected entities based on their risk ratings and determine the periodicity and intensity of inspection tasks. The Insurance Department is still in the early stages of studying the sectoral risks and does not undertake field-based risk supervision.

399. **Criterion (26.4.b):** The microfinance sector is not subject to risk-based supervision. Regarding the Money Exchange Control Department at the CBJ, it follows a methodology for on-site and off-site desk monitoring and includes the risks of non-compliance in their broadest sense and which constitute 25 percent by weight of the total risk. As such the examiner would assign a general weight to the company’s risks affecting the nature of the procedures to be followed by the company and the planning of subsequent inspection rounds and thus establish a general inspection plan for the sector.

**Criterion (26.5) (Partly Met):**

400. **Criterion (26.5.a) (Partly Met):** It did not appear to the assessment team that all the supervisory and monitoring authorities of the financial sector adopt a risk-based approach to supervision which relies, in terms of its causes and determinants, on the threats and vulnerabilities facing the internal systems of FIs (corporate governance, internal policy and controls, information systems) which were detected as a result of previous off- site and on-site supervisions and on the resulting risks which require the supervisory tasks to be scheduled and their frequency and intensity determined, in line with the sensitive risks identified, where efforts would be focused on institutions which are the most exposed to these risks. The scope of supervision is often limited to the verification of the extent of compliance with the legislation in force and response of the internal policy for risk management to its requirements.

401. On this note, CBJ (the Banking Supervision Department) has sought the technical assistance of the US Treasury Department to approve a guidance on off-site and on-site AML/CFT supervisions (July 2008). This guidance was reviewed in 2018 in order to adapt it to the amended international standards, in terms of observing the risk-based approach throughout all the stages of supervision (finalizing the annual supervisory program, allocating and channelling the appropriate human resources toward priority areas, programming “thematic” or special “targeted” on-site exams), while observing the risk mitigating measures adopted by each bank (based on a consolidated questionnaire consisting of 5 main sections and over 160 sub-questions).

402. CBJ (the Banking Supervision Department) has also adopted two separate approaches to off-site and on-site supervision over exchange companies. They include a reference to the risks of non-compliance, in their broad sense, which account for 25% of the total risks, in terms of weighing, thereby enabling the inspector, based on a statistical form filled in by the company, to assign a general weighing of the company's risks that would influence the nature of the measures it should take, to plan for subsequent inspections, and thus, to establish a general inspection plan for the sector.

403. JSC has started, in collaboration with the IMF experts, the gradual implementation of the RBA, based on an electronic system for the ranking of the risks of the financial intermediary companies. They also stated that they have recently recognized a guidance for inspection and a questionnaire (made of 105 provisions) for the mitigation of risks. On-site inspection is based on a form consisting of 8 main sections and 50 sub-questions. As a result of this approach, the Commission adopted, in March 2018, an on-site inspection plan based on the ranking of the risks of financial intermediary companies.

404. The Insurance Department is still conducting the initial study of the sectorial risks, 20% of which were completed (with a view to establishing a regulatory and supervisory approach that is in line with the conclusions of the approved specimen), given that the scope of the on-site supervision is limited to the verification of the extent to which the sector is compliant with the legislation in force and the internal policy for risk management responds to its requirements, by relying on the independent report of the chartered accountant. The Insurance Department does not rely, under its current approach, on scientific criteria supported by an information system for the ranking of risks, given that it basically relies on the size and allocation of the insurance portfolio as sole indicator.
405. **Criterion (26.5.b) (Partly Met):** The periodicity and strength of the supervision carried out by the Central Bank on banks as well as the supervision of securities entities are subject to the sectoral risks identified by the regulatory authorities. But considering that the NRA data was not completed, it cannot be asserted that it takes into account all ML/TF risks in Jordan. As regards to the supervision of other financial institutions, it does not appear that risks are taken into consideration.
406. **Criterion (26.5.c) (Partly Met):** Jordanian authorities did not provide accurate information on the observance of the supervisory policies of the characteristics of the financial and banking sector (the size of the sector and diversity of its activities, the degree of discretion allowed to the subjected institutions under the activation of the risk-based approach), except for:
- The two circulars issued by CBJ (13752/4/2/10 on 25 October 2016 and 370/4/2/10 on 8 January 2017) regarding “the periodical provision of data to the Banking Supervisory Department which enables it to rank banks based on their risks, according to the products and services they provide and within their geographical deployment, in order to determine the frequency of the off-site and on-site supervision (statistical data form);
  - The statements made by the Jordanian authorities about the recent initiatives taken by JSC to adopt a risk-based approach to supervision (please refer to the analysis set out in criterion 26.5.a) permitted to make an initial ranking of the financial intermediary companies and led to the conduct of on-site inspection of 8 high and moderate risk companies.
407. The above-mentioned arrangements do not fulfil the requirements of this criterion.

**Criterion (26.6) (Not Met):**

408. The legislation in force did not indicate that there is an obligation requiring supervisory and monitoring authorities of the financial and banking sector to conduct a periodical review of their assessment of the reporting entities’ risk profile, including the risk of non-compliance, or whenever it is necessary, due to the emergence of important nominal or objective causes associated with their management or operations<sup>44</sup>.
409. **Weighting and Conclusion:** It did not appear to the assessment team that all the supervisory and monitoring authorities of the financial sector adopt a risk-based approach to supervision which relies, in terms of its causes and determinants, on the threats and vulnerabilities facing the internal systems of FIs which were detected as a result of previous off-site and on-site supervisions. The periodicity and strength of the supervision carried out by the Central Bank on banks as well as the supervision of securities entities are subject to the sectoral risks identified by the regulatory authorities. But considering that the NRA data was not completed, it cannot be asserted that it takes into account all ML/TF risks in Jordan. As regards to the supervision of other financial institutions, it does not appear that risks are taken into consideration. Jordanian authorities did not provide accurate information on the observance of the supervisory policies of the characteristics of the financial and banking sector (the size

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<sup>44</sup> As regards the criteria or the basis which were drawn upon to establish the annual on-site inspection plans for the banks activities as a whole (including the AML/CFT measures, as reported by the Jordanian authorities), they were summarized as follows:

- Size of the risks inherent to the bank;
- Ranking the bank based on (CAMEL) or (ROCA) system, according to the last inspection mission;
- Date of completion of the last inspection mission conducted on the bank;
- Date of completion of the remedial program or date agreed upon for addressing the major observations made in the last inspection mission;
- The extent to which there are negative indicators inherent to the bank through the off-site supervision, particularly during the periods where no inspection mission is conducted.

It is worth noting that the Bank Supervision Department is working at preparing a bank inspection plan, based on the results of the assessment conducted according to the risk-based approach.

of the sector and diversity of its activities, the degree of discretion allowed to the subjected institutions under the activation of the risk-based approach).

410. The legislation in force did not indicate that there is an obligation requiring supervisory and monitoring authorities of the financial and banking sector to conduct a periodical review of their assessment of the reporting entities' risk profile, including the risk of non-compliance, or whenever it is necessary, due to the emergence of important nominal or objective causes associated with their management or operations.

**411. For the above-mentioned reasons, Jordan is Partially Compliant with recommendation.26.**

**Recommendation 27: Powers of supervisors**

412. Jordan was rated “Compliant” with the former recommendation 29 during the first round of the mutual evaluation process (in 2009), on the supervisory and monitoring system (roles, functions and powers of competent authorities, including the power to impose sanctions).

**Criterion (27.1) (Met):**

413. According to the requirements of article 18 of 2007 AML/CFT Law, supervisory and monitoring authorities should, without prejudice to the competences entrusted to them by virtue of special legislations, establish means necessary to verify the compliance of reporting entities, with 2007 AML/CFT law requirements regulations, instructions and decisions, and to issue implementing instructions for AML/CFT purposes.

**Criterion (27.2) (Met):**

414. According to the provisions of the applicable legislation, supervisory and monitoring authorities of the financial and banking sectors have wide supervisory powers that enable its competent departments to undertake on-site, off-site and regulatory missions by issuing the orders they deem appropriate, individually or collectively.

**Criterion (27.3) (Met):**

415. The legislation in force <sup>45</sup>entitled CBJ, JSC and the Insurance Department, within their competences legally entrusted to them, to request all the documents and information necessary to perform their auditing tasks, according to the forms and within the deadlines they determine, without any restriction (such as obtaining a judicial license to do so, in advance), in addition to the data which is required to be provided automatically and periodically to these authorities.

**Criterion (27.4) (Mostly met):**

416. 2007 AML/CFT Law did not designate the authority legally authorized to impose the financial sanctions set out in articles 25, 29 and 30 of this law.

417. On the other hand, some special legislations granted CBJ, JSC and the Insurance Department <sup>46</sup>the power to impose financial and administrative sanctions (which may reach the withdrawal of the license or the accreditation) against reporting entities in breach of their obligations set out in their relevant instructions (due diligence, internal control, reporting of suspicion, record-keeping, implementation of TFS set out in the UNSCRs relating to the suppression of terrorism and its financing) according to the applicable disciplinary procedures. Furthermore, there is no clear authorization for MITS (supervising leasing companies) and Telecommunication Regulatory Commission (supervising entities providing postal services) to impose sanctions against supervised entities upon failure of fulfilling AML//CFT requirements.

418. The absence of the legal grounds that enable these authorities to undertake the AML/CFT supervisory functions in addition to the failure to consolidate the available sanctions by linking them to their nominal or objective may have some effect on the legitimacy of these sanctions and may abolish them.

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Article 45 of the Banking Law No.28 of 2000, article 22 of the exchange business Law No.44 of 2015, articles 15 and 17 of the Securities Law No.18 of 2017, articles 37 and 103 of the insurance Law No.33 of 1999, and article 32 of electronic payment and money transfer regulation No.111 of 2017.

<sup>46</sup> Article 46 of CBJ Law for 1971, article 88 of the Banking Law for 2000, the fourth paragraph of article 11 of the AML/CFT instructions for banks No.51/2010, article 26 of the exchange business law for 2015, articles 39 and 51 of the electronic payment and money transfer bylaw for 2017, article 19 of the AML/CFT instructions for mobile payment No.1/2014, article 28 of the instructions for electronic bill presentment and payment system for 2014, articles 19, 21 and 109 of the Securities Law for 2017, and articles 23, 41 and 94 of the law regulating the insurance business for 1999.



419. **Weighting and Conclusion:** There is no legislation granting MITS and Telecommunication Regulatory Commission to impose sanctions, according to C.27.4 requirements.
420. **For the above-mentioned reasons, Jordan is Largely Compliant with Recommendation.27.**

**Recommendation 28: Regulation and supervision of DNFBPs**

421. Jordan was rated “Partially Compliant” in the implementation of the requirements of the former recommendation 24 relating to the regulation, supervision and follow-up, during the first round of the mutual evaluation process (in 2009), due to the absence of a supervisory authority over non-financial professions in the AML/CFT field and the absence of on-site visits by any authority to such professions to verify their level of implementation of their obligations.

**Casinos**

**Criterion (28.1) (Not Applicable):**

422. The penal legislation in force (articles 394 to 396 of the Penal Code No.16) provides for financial and custodial sanctions against anyone who manages in general or is found in a public gambling house (subject to the “presumption of conviction”) in addition to the confiscation and deterioration of the things which are constantly used for this purpose. Therefore, this criterion is “not applicable”.

**DNFBPs other than casinos Criterion (28.2) (Partly Met):**

423. DLS is considered the competent authority for licensing real estate offices that are engaged in the survey professions and real estate transactions (sale, purchase, lease and intermediation for these purposes), according to Law No.38 of 1980 regulating the profession of survey and real estate offices. The amendment made to articles 4 and 12 of the bylaw regulating real estate offices conferred upon it the power to form two types of committees:

- **Licensing and control committees:** They are mandated to study the grant of licenses to real estate offices and the relevant measures resulting from this procedure, whether to suspend or to cancel the license, and to verify real estate office’s compliance with the provisions of this bylaw (Jordanian authorities mentioned that this committee shall be re-formed annually, without referring to the legal grounds which support this argument).
- **Permanent Control Committees:** (there are currently three committees for inspection, distributed throughout all the provinces of Jordan) to inspect licensed real estate offices (with ten supervisors). DLS draws upon an inspection methodology in the form of a list that consists of 19 key check points that is filled in when conducting the periodical or enhanced on-site inspection; which resulted in addressing the level of the risks posed by real estate offices, overall. The Department also relies on an information system that enables it to access to accurate statistical reports (documentation of all the violations, sanctions, number and nature of sanctions, objections filed, number and scope of inspections, and classification of the level of risks by types).

424. Jordanian authorities stated that these two committees perform their competences under the supervision of the License and AML Division which reports to DLS and which also undertakes some monitoring functions, thereby achieving a functional integration resulted by the current situation.

425. Three quality procedures were prepared (an operation instruction for the functions of the Division). They comprise the policies applied under the mechanism for the supervision of offices. The first procedure comprised “inspection and supervision of licensed real estate offices” and aims at showing the steps of inspection and monitoring rounds conducted for licensed real estate offices and measuring the AML/CFT risks. The second procedure consists of “following up the reports of the committees which were formed in order to inspect licensed real estate offices and aims at showing how to deal with the reports of the committees which were formed in order to inspect licensed real estate offices. The third procedure is related to “the grant, renewal, cancellation or suspension of the license of a real estate office”.

426. With reference to the instructions for licensing goldsmith and jewelry sale stores of 2009, it can be said that the committees created under the decision of MOI (issued by the governor with territorial jurisdiction) as being a licensing authority, has the power to undertake inspection rounds for licensed shops, which include an examination of the registers and which lead to the filing of the necessary

reports and recommendations for a prudential purpose. It did not appear, in the absence of detailed procedures, that the powers of these committees extend to the disciplinary and restraining components when the provisions of the local AML/CFT controls are violated.

427. Other than previously mentioned, the requirements of the internal bylaw of the Bar Association for 1966, as amended, are not sufficient to cover the requirements of this criterion, as the role of the Bar Association board is limited to monitoring the business of disciplinary lawyers (despite the general definition of the term “business” set out in article 1.37 of the internal bylaw, it does not appear that it goes beyond their conventional duties, with the exclusion of those created by virtue of special legislations).
428. The requirements of the Law No. 73 of 2003 on the regulation of the public accounting profession did not indicate that accountants and auditors are subjected to the supervision of any authority to verify their compliance with the provisions of article 14 of AML/CFT Law No.46 of 2007 and the regulations and instructions issued thereunder. Jordanian authorities did not provide any information on the authority which is empowered to supervise, and monitor persons or entities set out in article 13.b.3 of this law (which includes legal persons and companies, with the exclusion of legal arrangements that do not have a legal personality, including trust funds/trade unions).
429. As a result of the legislative approach applied, a conflict was noticed during the on-site visit as to the designation of the authority (the professional syndicate or the AMLU) which is legally entrusted with supervision and monitoring of the law sector in the AML/CFT field, although it is engaged in the creation of companies on behalf of others, the provision of counseling to this end and the management of all types of funds and accounts. Furthermore, the practical practice extends to the creation and operation of trust funds (trusts) abroad.
430. The failure to explicitly provide for the AML/CFT obligations of the chartered accountants, in the context of their engagement in the creation of companies on behalf of others and provision of counseling to this end resulted in the failure to establish an association for chartered accountants, based on its authorization as a supervisory and monitoring authority (please refer to the analysis set out in IO.3 and IO.4).

**Criterion (28.3) (Met):**

431. Without prejudice to the notions of agency and endowment set out in the civil legislation in force, the list of the entities subjected to the requirements of AML/CFT Law No.46 of 2007 and the instructions issued thereunder do not comprise the legal arrangements which do not have the legal personality, including trust funds. The current legislative wording suggests that the legislator refrained from acknowledging them among the patterns of objective legal links. Considering that Jordan has not ratified the Hague Convention on the Private International Law for 1985, relevant to an explicit legal recognition of this argument.
432. In general, considering article 13.c of this law, the Council of Ministers is still enabled to subject other entities or professions upon the recommendation of the National Committee.

**Criterion (28.4) (Partly Met):**

433. **Criterion (28.4.a) (Not Met):** The domestic legislation <sup>47</sup>respectively conferred upon DLS and MOI wide inspection powers to ensure compliance of real estate offices and goldsmith and jewelry sale stores with the AML/CFT requirements, unlike the remaining supervisory bodies which scope of supervision appeared to be limited to mere professional duties (please refer to the analysis set out in criterion 28.2 above).
434. **Criterion (28.4.b) (Partly Met):** The domestic legislation <sup>48</sup>partially ensures that criminals are prevented from being professionally accredited, subject to good conduct and behaviour of the applicants for the license and their declaration that they have not been convicted of a felony or a misdemeanour involving immorality or public ethics. These measures still have a limited effect as they

<sup>47</sup> Articles 3 and 5 of the bylaw regulating real estate offices of 2013 and article 8 of the instructions for licensing goldsmith and jewelry sale stores of 2009

<sup>48</sup> Article 3 of the bylaw regulating real estate offices for 2013, second clause, paragraph (b) of article 1 and clause 3, paragraph (b) of article 10 of the instructions for the regulation of real estate offices for 2017, paragraph (b) of article 3 of the instructions for licensing goldsmith and jewelry sale stores for 2009, first clause, paragraph (e) of article 8 of the Bar Association Law, and paragraph (c) of article 22 of the law on the regulation of the public accounting profession for 2003.

do not extent to the verification of the beneficial owner identity.

435. **Criterion (28.4.c) (Partly Met):** Without prejudice to the consolidated penal system that the domestic AML/CFT legislation (Articles 25, 29 and 30) singled out, article 16.d of the bylaw regulating real estate offices provided for the power of the person in charge of DLS to give effect to disciplinary measures that observe the principles of gradation and proportionality as regards violations resulted by the off-site and on-site auditing missions (warning, suspension of work for a period not more than six month, definitive cancellation of the license, with the possibility to confiscate the bank guarantee).
436. Articles 6 and 10 of the instructions for licensing goldsmith and jewelry sale stores for 2009 reveals that the scope of the disciplinary measures is confined to their violation of the obligation to immediately report suspicious transactions to AMLU, without other obligations imposed on them.
437. On a similar note, the activation of the disciplinary measures subject of article 63 of the Bar Association Law remains limited to the violation of the lawyer of his mere professional duties (omitting or neglecting the functions, misleading the justice, doing an act against the binding ethics of the profession) which call for legal accountability by the disciplinary committee.
438. The same applies as regards the existing disciplinary measures under articles 35 and 36 of Law No.73 of 2003 on the regulation of the public accounting.

#### **All DNFBPs**

#### **Criterion (28.5) (Not Met):**

439. **Criterion (28.5.a) – (Not Met):** Supervision of DNFBPs is not required to be undertaken on risk basis.
440. **Criterion (28.5.b) – (Not Met):** Jordanian authorities stated that the Department of Licensing and AML of DLS monitors the risks related to the AML/CFT and the classification of real estate offices - based on the list referred to in criterion 28.2 which adopts a “three -dimensional” scoring system for the levels of risks and compliance (high, moderate or low risks/full, partial or non-compliance). The foregoing does not indicate the extent to which this assessment relies on the sectorial risk profile and the degree of discretion allowed under the RBA. Real estate offices were ranked based on the risks of (customers, countries, geographical regions, products, services and payment channels) and the use of the cash payment method represents one of the major risks posed by the payment channels. The Department is currently studying the proposal to possibly require the seller and the purchaser to produce, upon the signature of the sale and purchase transaction in the Directorate, a certified cheque issued by a licensed bank in Jordan, in case the sale price is above a fixed amount, in order to limit dealing in cash in the sale and purchase transactions, given that cheques are more regulated and monitored by FIs
441. On the other hand, Jordanian authorities did not provide accurate information on the other DNFBPs.
442. **Weighting and Conclusion:** Legislative initiatives have recognized, albeit in a grandiloquent style, the regulatory, supervisory and disciplinary powers entrusted to DLS and Survey and MOI in the AML/CFT field, while they did not guarantee the sound legal grounds for the powers of the Bar Association board in this field, which results in placing its precautionary intervention through preventive measures under total restraint, the last of which is deterrence. It did not appear that the legal accounting professionals are subjected to the supervision of a specific authority. On the same note, most of the initiatives taken by supervisory -authorities of DNFBPs and SRBs, albeit their insufficiency, do not have any impact, due to the absence of a clear vision about their constituents and objectives.

#### **443. For the above-mentioned reasons, Jordan is Partially Compliant with recommendation.28.**

#### **Recommendation 29: The Financial Intelligence Unit**

444. Jordan was assessed during the first round in 2009 and the recommendation related to FIU (formerly Recommendation 26) which was rated “Partially Compliant”, due to the AMLU’s competence which is limited to the money laundering field, with the exclusion of terrorist financing; the inability to verify its operational autonomy; and the insufficiency of its financial, human and technical resources. Jordanian authorities have since then issued legal and regulatory amendments to

address the deficiencies referred to in the said report.

445. **Criterion 29.1 (Partly Met):** AMLU was established in Jordan by virtue of Law No.46 of 2007 , which was amended by Law No.31 of 2015, where article (7) stipulates that: An independent Unit that is associated with the Governor of CBJ, known as the “Anti Money Laundering and Counter Terrorist Financing Unit” shall be created. It is responsible for receiving disclosures suspected to relate to money laundering or terrorist financing as per Item (3) of Paragraph (a) of Article (14) of this law and requesting, analyzing and investigating information related thereto, as well as providing the competent authorities with such information, when necessary, for AML/CFT purposes. Clause (3), paragraph (a) of article (14) of this law stipulates that “the entities subjected to the provisions of this law are required to (...) notify AMLU immediately of any suspected transaction in relation to money laundering or terrorist financing whether such transaction was conducted or not, by the means or the form approved by AMLU, and maintain a copy of the disclosure, 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. Paragraph (c) of article 18 of the said law requires judicial authorities and supervisory and monitoring authorities which exercise their powers over entities subject to the provisions of this law and any other administrative or security authorities to immediately notify AMLU in case they find, in the course of performing their competences, a suspicion of money laundering or terrorist financing. AMLU may inform such authorities of the procedures undertaken in accordance with the provisions of this law, if deemed necessary. AMLU is not mandated to receive disclosures relating to ML predicate offenses, due to the absence of a legal text that demonstrates the same.

**Criterion 29.2 (Partly Met):**

446. **29.2 (a):** Law No.46 of 2007 empowers the AMLU to receive, from financial and non-financial entities referred to in article 13 of this law, disclosures of transactions suspected to be related to ML/TF. These entities include “entities or professions to which the Council of Ministers decides to apply the provisions of the law, based on the recommendation of the Committee which is the National AML/CFT Committee that is formed according to the provisions of this law” and “any of the persons or entities that perform, on behalf of third parties, the business transactions set out in clause (3), paragraph (b) of article 13 of this law”. Accordingly, there is some ambiguity as to whether lawyers, notaries, other legal professionals and accountants are subjected to the reporting obligations, due to the absence of an explicit reference to them among the non-financial entities listed in article 13 of this law, as noted in criterion 29.1 as regards the work scope of the AMLU which falls beyond its competences the receipt of disclosures relating to ML predicate offenses, in conjunction with what was noted in this paragraph on the reporting entities which do not include all the reporting entities as stipulated in Recommendation 23. Accordingly, the AMLU is not considered as a national center for receipt of suspicious transaction reports as stipulated in Recommendations 20 and 23.
447. **Criterion 29.2 (b):** National legislations do not stipulate that the AMLU receives any other information (such as cash transaction reports, wire transfers reports and other declarations, even though the AMLU has access to the declarations of the cross-border movable funds but does not have the right for the spontaneous receipt of such declarations). Therefore, this criterion is considered not applicable.

**Criterion 29.3 (Met):**

448. **Criterion 29.3 (a):** The AMLU has the power to request the reporting entities to provide any additional information deemed necessary for the performance of its function if it was related to previously received information while performing its competences or upon requests received from the counterpart FIUs (as per paragraph “a” of article 17 of the AML/CFT Law).
449. **Criterion 29.3 (b):** Paragraph (a) of article 18 of Law No.46 of 2007 requires the judicial authorities, supervisory and monitoring authorities , administrative and security authorities to provide the Unit with any additional information, related to the disclosures received, if it was considered necessary, to perform its functions or based upon a request made by counterpart FIUs . The sources of additional information include publicly known information, information held by governmental authorities and any other authorities, according to the duties manual procedure No.68/2016 dated 29/12/2016 in regards to the Inquiry and Financial Analysis Directorate.

**Criterion 29.4 (Mostly Met):**

450. **Criterion 29.4 (a):** According to the internal instructions No.2 of 2016, the Unit consists of 4 directorates, among them the Inquiry and Financial Analysis Directorate which is responsible for receiving disclosures from reporting entities, judicial authorities, supervisory and monitoring authorities, administrative and security authorities; conducting inquiry and financial analysis of these disclosures and reports; and requesting additional information from all reporting entities and other authorities (administrative, security, judicial, supervisory and monitoring), and studying such information in preparation for reports reflecting the results of the inquiry, analysis and study, in order to take the appropriate decision. The Inquiry and Financial Analysis Directorate has a template intended for financial analysis. It contains the collected information from the customer identification data, the Returned Cheques Unit, CSPD, CCD, the registered societies in Jordan, the commercial databases, the international ban lists and the search engines on the web network. This template also includes tables for disaggregating information on the obligations of the customer, the cheques deposited and withdrawn, the incoming and outgoing internal and international transfers, the cash deposits and withdrawals, the national and international ATM withdrawals, credit card purchases, in addition to the assessment made by the reporting entity regarding the extent to which the accounts activity is consistent with the nature of the business and even the activity of the holder of these accounts. Therefore, the assessment team considers that this template would enable the Unit to conduct the operational analysis provided that it is adopted on a case-by-case basis and filled in with the necessary information and analyzed in line with the requirements of this sub-criterion.
451. **Criterion 29.4.(b):** Although the internal instructions No.2 of 2016 determine the mandates of the Inquiry and Financial Analysis Directorate at the Unit, as regards conducting strategic analysis of the disclosures which were sent to the Unit, but nothing indicates as to how the Unit conducts strategic analysis to identify money laundering and terrorist financing related trends and methods.
452. **Criterion 29.5 (Partly Met):** Articles (7) and (8) of Law No.46 of 2007 provide for the mandates of the Unit for receipt, analysis and inquiry of disclosures, and for the preparation of report on the findings, accompanied with information, data, documents and instruments, without providing for the obligation to use dedicated secure and protected channels for the dissemination of the report and its enclosures to the Public Prosecutor. Although the text of article (7) of this law is general, the Unit relies on the provisions of this article to spontaneously disseminate disclosures to LEAs. The Inquiry and Financial Analysis Directorate places the report and its enclosures in a closed envelope stamped with the expression “secret and confidential” , and it is handed over by the analyst who studied the report and the recipient shall sign the private mail receipt form relevant to the Unit - the date and timing, and the name of the recipient person shall be affixed on the receipt form.

**Criterion 29.6 (Met)**

453. **29.6 (a):** The AML/CFT Law requires the protection of the information obtained by the Unit and to disclose it only in accordance with the provisions of the law. Based on article 11 that prohibits the Chairman of the Committee, its members and the Unit staff from disclosing any information that they have examined or that they became aware of, whether directly or indirectly. This information may not be disclosed in any way whatsoever, unless for the purposes set out in this law. This prohibition of disclosure shall last until the termination of their work in the Committee and the Unit. The prohibition shall apply to all persons who, directly or indirectly, have access to or possess by virtue of their position or job information submitted or exchanged in accordance with the provisions of this law and regulations and instructions issued pursuant thereto. The Unit head also issued Instructions No.(7) of 2011 that govern the mechanism for maintaining the information set out in the disclosures, and the conditions and safeguards to keep the confidentiality of the disclosures. From its part, the Information Technology Department has issued circulars on a periodical basis, with a view to informing employees on how to keep the security and confidentiality of the information. The Unit has provided sufficient information on how to keep the security of information and documents, including procedures for handling, storage, dissemination, protection and access to information. The Unit also indicated that within the disaster management policies, its data is stored inside tapes by using special software and their contents are encrypted before storing them inside CBJ building which is considered among the protected locations in Jordan.

454. **Criterion 29.6 (b):** The hiring standards adopted by the Unit requires that the applicant for the job has the necessary security applications before approval for hiring them. They are also required to sign a personal undertaking form to comply with the professional code of conduct related to the security and protection of information. They are also informed of the provisions of the “Law No.(50) of 1971 on the Protection of State Secrets and Documents” and of the provisions of the AML/CFT Law in force, particularly as regards the provisions relating to confidentiality and sanctions resulting from violating any of its relevant provisions. The Unit has also indicated that it is confident of its employees understanding of their responsibilities in handling sensitive and confidential information, and no information indicates the contrary.
455. **Criterion 29.6 (c):** The national policies relating to the security and protection of information that the Unit had adopted comprise password policy, email policy, anti-virus and spam software policies, networks security policy and encryption policy. The Unit has issued instructions No. (5) of 2011 on the creation and management of passwords for login registers. The provisions of these instructions apply to all Unit employees and to all passwords used to establish the user identity. Jordan provided sufficient information on the measures taken by the Unit to limit access to its facilities and information, including the information protection systems.

**Criterion 29.7: (Met)**

456. **Criterion 29.7 (a):** Law No.46 of 2007 required that the Unit shall be independent and associated with the Governor of CBJ, that its head is appointed by the decision of the National Coordination Committee, that the decision shall determine their salary, allowances and other financial rights ,and that the Unit employees shall have the capacity of law enforcement officers. According to the provisions of article 17 of this law, the Unit may require from reporting entities to provide it with any additional information it deems necessary for the performance of its function, if it was related to information previously received while performing its competences; and in case of having information relating to a transaction suspected to relate to money laundering or terrorist financing, the head of the Unit shall prepare a report and send it to the Public Prosecutor, according to article 8. Pursuant to the request of the Unit head , the competent Public Prosecutor shall seize or trace the money subject of the suspicious transaction, without prejudice to the rights of *bona fide* third parties. Despite the absence of a legal text that grants the Unit head and employees immunity, none of them has been previously subjected to any penal, civil, administrative or disciplinary accountability, in view of performing their work that consists of examining disclosures and reports sent to the Unit, and collecting and disseminating the relevant information to competent authorities, according to the provisions of Law No.46 of 2007.
457. **Criterion 29.7.(b):** The Jordanian law permits the Unit to exchange information with counterpart FIUs and the Unit is entitled to conclude memoranda of understanding with counterpart FIUs , in order to regulate the cooperation in this regard (article 19 - AML/CFT Law). In practice, the Unit has signed several memorandums of understanding with the counterpart financial information units to streamline, promote and regulate the mechanisms for the exchange of information with them, in line with the Egmont Group Charter and Standards. On the other hand, the law permits the Unit to request information from local (judicial, supervisory, monitoring, administrative and security) authorities. In practice, the Unit concluded a memorandum of understanding with DLS to complete the electronic link, in order to obtain information regarding previous and current real estate transactions related to Jordanians and Non-Jordanians. In 2017, the electronic link with MOJ had been completed; this would enable the Unit to collect information on the lawsuits recorded at the disciplinary courts and its relevant results. The process of establishing the electronic link with the Directorate of Public Security/Preventive Security is under execution.
458. **Criterion 29.7 (c):** According to the provisions of article (7) of the AML/CFT Law, the AMLU is an independent Unit that is associated with the Governor of CBJ. It is responsible for receiving and analyzing disclosures received from reporting entities and requesting relevant additional information from the judiciary, supervisory and monitoring authorities and any other administrative authorities (article 18), so as to take the appropriate decision in this regard, especially in terms of referring them to the competent Public Prosecutor, when there is a suspicion of ML/TF (article 18). It is also responsible for exchanging information with counterpart FIUs, subject to reciprocity (article 19). It is also empowered to examine the declarations of the cross-border movable funds which are kept by the

General Customs Authority (article 20); that distinguishes it, in terms of competence, functions and powers from the competences, functions and powers of CBJ.

459. **Criterion 29.7 (d):** According to the provisions of article 10 of Law No.46 of 2007, the Unit has an independent budget formed of allocations from CBJ, and of those allotted in the General State Budget and any subsidies, grants, awards - or donations. The Unit head prepares and submits the balance sheet to the National AML/CFT Committee for approval, in preparation of its adoption and the Unit head shall be entitled to dispose of it. Jordan indicated that the National Committee has never objected, rejected or amended any of the balance sheets submitted by the Unit, and in case any projects not noted in the balance sheet items has been mentioned, an annex for the balance sheet shall be prepared, and this happened in 2016 and 2017. It is worth noting that the Unit had received nine notifications on Politically Exposed Persons between 2013 and 2017, and decided, after the completion of its procedures, to dismiss the said notifications, except for one which was referred to a competent security authority. Accordingly, nothing indicates that the Unit is subject to any external influence which might compromise its operational independence.
460. **Criterion 29.8 (Met):** The Unit joined the Egmont Group during its Plenary Meeting which was held in Saint Petersburg/Russia in July 2012. It exchanges information with the counterpart FIUs through the Egmont Secure Web. By examining the attendance list of the representatives of member countries who participated in the EGMONT Group meetings between 2015 and 2017, the Unit representatives appear to have participated in those meetings.
461. **Weighting and Conclusion:** The deficiencies in this Recommendation and particularly in criterion (29.1, 29.2 and 29.4) are obvious, given that the receipt of notifications related to ML predicate offenses and the receipt of notifications as stipulated in Recommendations 20 and 23 are beyond the competences of the Unit, and given that there was no information on how the Unit conducts strategic analysis.
462. **For the above-mentioned reasons, Jordan is Largely Compliant with Recommendation.29.**

**Recommendation 30: Responsibilities of law enforcement and investigative authorities:**

463. Recommendation 27 (LEAs) was rated as “Partially Compliant” in the MER of Jordan during the first round, in 2009, given that the report stated that there is no specific LEA responsible for ensuring that terrorist financing offenses are investigated, and that there is no evidence on the effectiveness of competent authorities in implementing the law; however, Jordan has undertaken, since the adoption of the MER, several legislative and procedural reforms which were positively reflected on the criteria of this Recommendation.
464. **Criterion 30.1 (Met):** The Public Prosecution and the judicial police (including police officers and members, employees entrusted with inquiry and criminal investigations, and members of the intelligence service department, according to article 9 of the Criminal Procedures Code) which are subjected to its supervision and direction have a general mandate to detect crimes, to collect physical evidence, to trace and arrest the perpetrators and to refer them to the competent courts, in all the legal ways provided for in the Criminal Procedures Law (article 8).. They (the Public Prosecutor) are entitled, while performing their functions, to make use of the public power directly. They can form national or regional teams for the judicial authorities whenever inquiry or the nature of the crime requires so. The judicial police exercise their competences within the limits of the territorial boundaries where they perform their functions. However, in case of urgent cases or when inquiry requires to, they can perform their functions throughout Jordan, if they are required to do so by the judicial or the public authority. In addition to the powers granted to them in case of felony or misdemeanour, the judicial police officers receive complaints and denunciations and conduct relevant preliminary search.
465. **Criterion 30.2 (Met):** The Criminal Procedures Law did not limit the scope of investigations entrusted to the Public Prosecution, the judicial police and the investigation judges, where the legislator cited their powers in an absolute language that authorizes them to conduct investigations according to a comprehensive approach that comprises social and financial search directly, when considering the predicate offenses, whenever the nature of the crime or the size of the criminal proceeds require so. What illustrates it best is the results of the financial investigation initiated in a set of cases considered

by the courts and the relevant convictions issued by virtue of final decisions acquiring the force of the matter adjudged.,

466. The Customs law No.20 of 1998 (amended in 2018) stipulates in article 229 that if the customs Public Prosecutor finds during the investigation of any customs case an act relating to the ML offense, he should investigate it, then refer it to the competent public prosecutor to complete the relevant procedures. However, it did not particularly address the use a parallel financial analysis to conduct the investigation.
467. **Criterion 30.3 (Met):** Paragraphs (a, b, c, d) of article 27 of the AML/CFT Law granted the competent Public Prosecutor powers to investigate the real sources of funds with a view of seizing the funds of the persons accused of the crimes set out in this law, the funds of the spouse and any of their ascendants , descendants and also with a view to prevent the disposal of these funds until the investigative procedures are completed; and the court may decide their confiscation. They are also granted the same right as to the funds which are in the possession of others, if it is found that they were obtained as a result of committing any of the crimes set out in this law, and so is the case for the property in which the proceeds were mixed with funds acquired from the legitimate sources.
468. **Criterion 30.4 (Met):** Article 8 of Law No.46 of 2007 stipulates that the AMLU shall prepare, in case of “having information relating to suspected transaction of money laundering or terrorist financing, a report accompanied with information, data, documents and instruments, and the head of the AMLU shall send it to the competent Public Prosecutor for investigation. Pursuant to the request of the head of the AMLU, the Public Prosecutor shall seize or trace the money subject of the suspicious transaction”.
469. This principle was provided for under article 4 of Law No.13 of 2016 related to integrity and anti-corruption, which enables IACC to submit a request to seize the movable and immovable funds of the perpetrator of the corruption act to the competent judicial authority.
470. **Criterion 30.5 (Met):** IACC does not pursue ML/TF investigations related to corruption crimes, given that article 27 of the AML/CFT Law designated the competent Public Prosecutor as the competent authority empowered to investigate ML/TF offenses arising from corruption crimes and the same article granted him the necessary powers and authorities to trace, identify and seize the assets.
471. **Weighting and Conclusion:** Jordan met the requirements of this Recommendation
472. **For the above-mentioned reasons, Jordan is Compliant with Recommendation.30.**

**Recommendation 31: Powers of law enforcement and investigative authorities:**

473. The first round of mutual evaluation for Jordan took place in 2009 and Recommendation 28 (powers of competent authorities) was rated “compliant”.
474. **Criterion 31.1 (a, b, c, d) (Met):** The general procedural system in Jordan permits the LEAs to undertake the following when conducting investigation of any offense:
- 31.1.a (Met):** To access documents and conduct the necessary investigations (article 98 of the Criminal Procedures Law)
  - 31.1.b (Met):** To search persons and premises: (articles 33 and 86 of the Criminal Procedures Law)
  - 31.1.c (Met):** To take witness statements (article 75 of the Criminal Procedures Law)
  - 31.1.d (Met):** To seize and obtain evidence (article 97 of the Criminal Procedures Law), in addition to the powers conferred to the competent Public Prosecutor, according to article 27 of 2007 AML/CFT Law.
475. **Criterion 31.2 (a, b, c, d) (Met):** LEAs have absolute powers to collect physical evidence in all the legal ways (controlled delivery, undercover operations such as hacking, seizing and discharging electronic devices through technical experts, relying on the results of the discharge, as evidence at the competent courts, intercepting phone calls, all the correspondences, letters, printings, parcels and telegrams), according to article 8 of the Criminal Procedures Law which did not determine the mechanisms applied to achieve this. It is worth noting that LEAs routinely exercise these powers, without any legal or procedural impediments. The courts acknowledge and adopt these researches as a basis to order conviction, as perceived from the steady course followed by the Jordanian courts.



**Criterion 31.3 (Met)**

476. **Criterion 31.3 (a) (Met):** The competent Public Prosecutor and the competent court may request records, documents, instruments and data of reporting entities [...] relevant to the investigation of the crimes provided for in this law (paragraph e of article 27 of the AML/CFT Law). According to article 98 of the Criminal Procedures Law, the Public Prosecutor may request any document or thing related to the investigation and to charge the person who is in possession of this document or thing to bring it at the time and place determined by the public prosecutor, according to the circumstances of each case. A reference is also made here to article 72 of the banks law which required banks to keep the total secrecy of the customers accounts but this secrecy may be broken by a decision of the competent judicial authority.
477. **Criterion 31.3 (b) (Met):** Competent authorities have procedures in place that permit to identify assets without prior notification to the owner.
478. **Criterion 31.4 (Met):** Even though Paragraph b of article 7 of the AML/CFT Law is not clear in terms of granting the competent authorities which conduct investigations powers to request all the relevant information held by the FIU, given that it has just enabled the AMLU to provide the competent authorities with this information when necessary. However, according to article 98 of the Criminal Procedures Code, the Public Prosecutor may request any document or thing relating to investigation and may entrust the person who possesses this document or thing to provide it in the time and place determined by the Public Prosecutor.
479. **Weighting and Conclusion:** Jordan met the requirements of this recommendation.
480. **For the afore-mentioned reasons, Jordan is Compliant with Recommendation.31.**

**Recommendation 32: Cash Couriers**

481. The MER for Jordan showed in the first round which was conducted in 2009 some deficiencies in the implementation of SRIX (Cross-border declaration or disclosure); therefore, it was rated “Non-Compliant”. The deficiencies were reflected in the failure to apply the disclosure system for the cross-border transportation of funds on the financing of terrorism; the failure to apply the system on the incoming and outgoing transportation of currency and bearer negotiable instruments; the failure to give effect to the application of the declaration form; the failure to grant the competent authorities the power to solicit and obtain further information from the carrier, in regard to the origin of the currency or BNIs, and their intended use, when there is a suspicion of ML/TF; the absence of a dissuasive sanction in case of false disclosure; the absence of safeguards for the proper use of information; the failure of having a system in place to notify the counterpart authorities in other countries of the unusual cross-border movements of gold, precious metals and precious stones; the insufficiency of exchanging information between the Customs and AMLU; and the failure of establishing a database at the Customs.
482. **Criterion 32.1 (Partly Met):** Jordan implements a declaration system for the cross-border movable funds when entering Jordan, given that paragraph “a” of article 20 of the AML/CFT Law stipulates that “each individual entering Jordan shall declare, on the form prepared for this purpose, the cross-border movable funds if the value exceeds the threshold set by the Committee”, however declaration system does not include the transportation of cash upon departure from Jordan.
483. The definition of funds in article 2 of the same law and the definition provided for the same term, as in article 2 of the instructions for the declaration of the cross-border movable funds for 2017, encompass all types of funds (except for the intangible funds), in addition, the generality of the term “each individual” as used in the AML/CFT Law and the term “transportation” as adopted in the instructions for the declaration of cross-border movable funds could possibly imply the natural persons as well as the legal persons, in addition to all forms of physical cross-border transportation. Nonetheless, the law in force in Jordan failed to impose the obligation to declare funds upon departure from Jordan, in addition to the fact that the obligation, according to the legal text, did not include some other forms of transportation, such as transportation through mail or cargo.
484. **Criterion 32.2 (Partly Met):** In application of article 20 of the AML/CFT Law, the National AML/CFT Committee fixed the maximum threshold for the cross-border movable funds which requires its carrier to declare them at JOD (15.000), approximately USD (21.156) or its equivalent in foreign

currency (article 3 of instructions No.(2) of 2017), which confirms that Jordan is adopting the written declaration system for the travellers carrying amounts above a threshold, however, the deficiency is related to the exceed of the threshold which is set at 15.000 US Dollars in the Methodology.

485. **Criterion 32.3 (Not applicable):** Jordan does not take the disclosure system, but applies the written declaration system for travellers carrying amounts above a designated threshold.
486. **Criterion 32.4 (Partly Met):** Upon discovery of non-declaration or false declaration, the Customs Authority may request additional information from the carrier of the funds, with regards to the origin of the currency and their intended use. This power is granted to the Customs only in the case of funds which is entering Jordan (article 6 of instructions No.2 of 2017 which is issued by the National AML/CFT Committee).
487. **Criterion 32.5 (Partly Met):** Article 25, paragraph “c” of the AML/CFT Law imposed a fine not more than 10% of the value of undeclared funds or in case of providing false information about them. The fine shall be doubled in the event of recidivism. 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 the offense is related to terrorist financing. Therefore, the assessment team considers that the sanctions imposed in the form of fines do not achieve the elements of dissuasiveness and proportionality
488. **Criterion 32.6 (Met):** The provision of information obtained through the declaration process to the AMLU through the declaration system and the direct provision of information is clearly recognized through three texts, being article 20, paragraph “b”, article 21 of the AML/CFT Law, and article 9 of the instructions for the declaration of cross-border movable funds for 2017.
489. **Criterion 32.7 (Not Met):** There is no sufficient cooperation between the Customs Authority and other concerned authorities to implement the requirements relating to the control of cross-border transportations of cash.
490. **Criterion 32.8 (a, b) (Partly Met):** In cases of non-declaration or provision of false information, or when there is a ML/TF suspicion, the Jordanian Customs Authority has the power to seize or restrain the cross-border movable funds, provided that the AMLU is immediately notified. The said AMLU shall then take a decision on these funds within one week at the latest whether to return them to their owner or to refer them to the court (article 21 of the AML/CFT Law). Therefore, these measures are limited to the cases of the cross-border transportation of funds incoming to Jordan and they are not implemented in the cases of the cross-border transportation of currency and BNIs outgoing from Jordan. They do not cover funds associated with predicate offenses.
491. **Criterion 32.9 (a, b, c) (Met):** The declarations shall be retained by the Customs Authority, according to paragraph (b) of article (20) of the AML/CFT Law, without specifying the maximum period for retention. The use of the information included in the declaration of cross-border funds for international cooperation purposes remains within the competence of the AMLU, since the AMLU has the right to examine and use the declarations of the cross-border movable funds when necessary (article 20 of the AML/CFT Law). It has also the right to exchange information with its counterparts subject to reciprocity and to use the information for AML/CFT purposes, provided that the approval of the counterpart AMLU providing the information is obtained (article 19 of the AML/CFT Law).
492. **Criterion 32.10 (Not Met):** There are no strict safeguards to ensure proper use of information or data collected through the cross-border transaction control system.

**Criterion 32.11 (Not Met)**

493. **Criterion 32.11 (a) (Not Met):** According to the definition of money laundering in article 2 of the AML/CFT Law, the acts of transportation and possession are explicitly criminalized in the text, and article 24 imposed graduated penal sanctions for the ML offense, with imprisonment from one to three years, in case funds are generated from a misdemeanour and hard labour for not less than five years in case the funds are generated from a felony, in addition to a penalty in both cases which is not less than the amount of the funds subject of the crime. The same article provided for the sanction of temporary hard labour for a period not less than ten years and a penalty not less than one hundred thousand Dinars in case a TF offense is committed, and the sanctions mentioned are dissuasive and proportionate.
494. **Criterion 32.11 (b) (Partly Met):** The provisions of articles 24 and 26 of the AML/CFT Law in force in Jordan permitted the confiscation of funds associated with money laundering, but the provision

does not extend to BNIs as regards ML offenses, in addition to the failure to refer to the confiscation of funds associated with predicate offenses.

495. **Weighting and Conclusion:** The Jordanian law implements the written declaration system for travellers carrying amounts above a threshold, but the amount set exceeds which mentioned in the Methodology. We even had noticed the absence of the obligation to declare funds upon departure from Jordan, in addition the fact that the obligation, according to the legal text, did not include some other forms of transportation, such as transportation through mail and cargo. Furthermore, the sanctions in case of false declaration are not proportionate or dissuasive and there is no power to restrain and stop the cash associated with the predicate offenses. It is also noted that the provisions relating to confiscation do not extend to BNIs.

**496. For the above-mentioned reasons, Jordan is Partially Compliant with Recommendation.32. Recommendation 33: Statistics**

497. The Jordan was rated “Non-Compliant” as regards its compliance with the requirements of the former Recommendation 32 relating to the resources and statistics, during the first round of the mutual evaluation process (in 2009), due to absence of information on the formal requests for assistance and exchange of information at the domestic and international levels (sent or received) and on the cross-border transportation of currency and BNIs.

498. **Criterion (33.1) (Partly Met):** According to the provisions of article 12 of 2007 AML/CFT Law, AMLU publishes periodical statistics (among its annual reports) on SARs received from entities subjected to the provisions of this Law (along with the predicate offenses and the reporting entity), disseminations to the public prosecution authorities, convictions rendered, property subject of confiscation or freezing measures and mutual legal assistance with its foreign counterparts (sent and received). It did not appear to what extent it is required to retain these statistics.

499. MOJ <sup>49</sup>supports the judiciary through the retention and collection (centralization) of statistics on investigations and prosecutions of ML/TF and associated predicate offenses and on the legal assistance. These statistics can be perused through an electronic program<sup>50</sup>. The Public Prosecution Office at the State Security Court maintains registers of terrorism and TF offenses (number of cases referred to the State Security Court, number of prosecutions and judgments rendered).

500. During the on-site visit (memorandum dated 9 July 2018), the Meezan system was amended by adding new categorizations in order to obtain reports that include values of proceeds, seizures, confiscations, criminal restitutions based on the types of predicate offenses compared with money laundering, the value of reconciliations in financial crimes at the Public Prosecution, the requests for mutual legal requests in criminal issues and extradition requests.

501. Jordanian authorities indicated that the international and bilateral agreements state that MOJ is the central authority for the receipt of judicial assistance requests and it is the authority responsible for receipt of all judicial assistance requests made and received by the Jordan from the competent judicial authorities, as the International Cooperation Directorate is mandated to study the legal assistance requests, and which, refers them to the competent authority. They also mentioned that the administrative measures which are applied at MOJ as regards the requests for extradition of fugitive criminals require to communicate with the Prime Ministry, given that if the extradition conditions are fulfilled, the decision should be issued by Royal Decree according to the Jordanian Constitution. In case the extradition conditions are not fulfilled, the requesting country shall be notified of the decision once it is issued and becomes decisive.

502. **Weighting and Conclusion:** The mechanisms adopted at the national level for the collection (centralization) of statistics related to other forms of international cooperation (sent and received) and its results were not indicated. It did not appear to what extent they are required to retain these statistics.

**503. For the above-mentioned reasons, Jordan is Partially Compliant with Recommendation.33.**

<sup>49</sup> Based on the powers legally entrusted to it (the administrative regulation bylaw of MOJ No.101 of 2015 and its amendments, published in page 8682 of the Official Gazette No.5364 dated 1 November 2015 and issued under article 120 of the Jordanian Constitutions of 1952 and its amendments).

<sup>50</sup> MOJ is currently amending “Meezan” system (the electronic link) in line with the recent legislative amendments, so as it provides an accurate database through which the required statistics and reports on crimes, their nature, classification, perpetrators, places where they were committed, can be prepared, mechanism of requests for extradition of the fugitive criminal, and legal assistance requests.

**Recommendation 34: Guidance and feedback**

504. Jordan was rated “Non-Compliant” as regards its compliance with the requirements of the former Recommendation 25 on guidance and opinion, during the first round of the mutual evaluation process (in 2009), the failure of the AMLU to provide feedback into the reporting entities upon the results of the SARs filed in the AMLU, due to its recent establishment and the absence of guidance that help the non-financial professions implement its obligations.
505. **Criterion (34.1) (Partly Met):** AMLU has engaged, in coordination with the supervisory authorities, in circulating the bulletins on the evolving criminal patterns and the actual indicators, which have detected as a result of its financial inquiries, issuing forms for SARs and for the consolidated financial analysis, and thematic sectorial guidance. In addition, its comprehensive annual reports include statistics on the number of notifications and disseminations to prosecutorial authorities and on case studies, in details, from which the reporting entities, methods and tools used, number of convictions rendered, property confiscated or frozen can be concluded (according to article 12 of 2007 AML/CFT Law).
506. AMLU seeks to provide the reporting entities, within reasonable periods, with its final results of the examination of the reported suspicious cases.
507. According to provisions of paragraphs “c” and “i” of article 3 of AMLU bylaw No.40 of 2009 issued under article 7 of the 2007 AML/CFT law, AMLU is seeking to prepare awareness programs on the same topic and to implement qualification and training programs that cover all those engaged in this field.
508. For the same purposes, CBJ, JSC and the Insurance Commission, have sought, at varied degrees, to adopt a similar approach that enables to protect the financial and banking sector against the aspects and repercussions of these crimes, in full consistency with the sectorial risks they have identified by issuing detailed instructions. On the other hand, it did not appear to the assessment team that other supervisory and monitoring authorities were adopting a similar approach.
509. **Weighting and Conclusion:** In order to keep up with the national efforts aimed at applying the general policy on fighting against organized crime, the AMLU endeavoured to increase its abilities and raise financial awareness, thereby insuring acquaintance with the latest criminal patterns. The engagement of supervisory and monitoring authorities of the financial and banking sector, in this field is a mere endorsement of the prudential aim sought after from establishing guidance and best practices circulation. However, this approach remains limited in terms of scoping, updating and sufficiency. On the other hand, it is noted that the supervisory and monitoring authorities of the DNFBPs and SRBs do not adopt a similar approach.
- 510. For the above-mentioned reasons, Jordan is Partially Compliant in Recommendation.34.**

**Recommendation 35: Sanctions**

511. Jordan was rated “Largely Compliant” with the requirements of former Recommendation 17 on sanctions, during the first round of the mutual evaluation process (in 2009), due to the failure of issuing AML instructions in the insurance activities, based on the relevant law, so as it imposes the sanctions set out in this law on the companies which violate the instructions.
512. **Criterion (35.1) (Partly Met):** According to article 30 of 2007 AML/CFT 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 (almost USD 1400) and not more than ten thousand Dinars (almost USD 14000). 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.
513. **TFS:** Article 19 (Instructions on implementation Res.1373, Res.1267/1989) and art 17 (Instruction on implementation Res.1988) stipulated that violators of the instruction’s requirements are punished with sanctions mentioned in 2007 AML/CFT law.
514. **NPOs:** Article 19 of Act No.51 of 2008 (NPOs law) grants the competent Minister (the Minister of MDS) the power to impose administrative sanctions against NPOs for breaching any provisions of the Act, but the penalties imposed under the provisions of article 26 thereof are not dissuasive. The

sanctions are imposed for violation of the provisions of the NPOs Act, without comprising the violation of the requirements of Recommendation 8

**Preventive measures:**

515. CBJ, JSC and the Insurance Department have the power to impose financial and administrative sanctions (which may reach the withdrawal of the license or the accreditation) against reporting entities in breach of their obligations. Furthermore, there is no clear authorization for MITS (supervising leasing companies) and Telecommunication Regulatory Commission (supervising entities providing postal services) to impose sanctions against supervised entities upon failure of fulfilling AML/CFT requirements. (refer to C.27.4)
516. As for DNFBPs, article 13 of the Regulations of Real Estate Offices Regulation 2017 provides for the authority of the Director General, upon the recommendation of the Committee, to impose the penalties to the owner of the Real Estate Office and to observe the principles of gradation and proportionality in respect of violations discovered resulted by the onsite and offsite inspections auditing missions.-. The scope of disciplinary measures in goldsmith and jewelry is confined to violation of the requirements of immediate reporting to AMLU. Other DNFBPs supervisors do not have the power to sanction related reporting entities (refer to 28.4.-).
517. **Criterion (35.2) (Not Met):** Without prejudice to the criminal liability of the legal person, the public or private legislation in force did not infer that the manager of the legal person is liable to criminal accountability once his personal liability is established through the violation by the legal person of any of the provisions of 2007 AML/CFT Law, the regulations, instructions or decisions issued thereunder. In this context, Jordanian authorities indicated that nothing impedes this accountability at the legislative level, particularly in the light of the corporate governance rules. Otherwise, the assessment team considers that the criminal accountability remains conditional upon a legal text, subject to the principle of criminal legislation which infers that there is “no crime or penalty without law”.
518. The provisions of article 31 of the said law are not relevant to the principle requiring as the separation of the criminal liability of the legal person from the liability of its manager mentioned in this criterion, as a basis that governs the prosecution rules, given that these provisions acknowledged the criminal liability of the manager of the legal person through whom the ML/TF offense was committed and required to prevent him from contributing to the capital of any legal person having the same objectives or to take part in its management.
519. Jordanian authorities indicated that the domestic legislation (without referring to the legal grounds in force in this field) requires to prosecute both parties and each shall assume his separate criminal liability. Paragraphs (a) and (d) of the corporate governance instructions for banks No.63/2016, issued on 1 September 2016 provided for an obligation requiring the board of directors of the bank to adopt appropriate supervisory controls that allow it to question the senior executive management, to adopt clear limits for liability and accountability and to comply with these limits at all the administrative levels at the bank.
520. **Weighting and Conclusion:** The domestic legislation recognized restraining and administrative penalties in line with the principles of measurement and gradation, given that their severity varies according to the seriousness of the violation. Even if this statement is true from the sheer objective viewpoint, considering the direct final target reflected in the application of the punishment for the breaches that require accountability, it is incorrect from a comprehensive viewpoint that observes the legitimacy of these measures.
521. This is due to the lack of explicitly designating the supervisory and monitoring authorities and the legal consecration of their competences which are created under special legislations (including the power to impose punishment), in line with the principle of hierarchy of the sources of law.
522. **For the above-mentioned reasons, Jordan is Partially Compliant with Recommendation.35.**

**Recommendation 36: International instruments:**

523. During the first round, Jordan was rated “Partially Compliant” in the evaluation of the Recommendation relating to the UN agreements and resolutions (Recommendation 35 at that time), due to the failure of ratifying the Palermo Convention and the failure to fully implement the Convention for the Suppression of the Financing of Terrorism. It was also rated (Non-Compliant) in SRI for failure to fully implement the Convention for the Suppression of the Financing of Terrorism, and for the absence of laws, regulations or other necessary measures to cover the requirements set out in the UNSCRs to prevent and suppress terrorist financing. Since the adoption of the said report, Jordanian authorities have exerted efforts to meet the requirements of the international standards.
524. **Criterion 36.1 (Mostly Met):** The Jordan ratified the four conventions, being the United Nations Convention against Corruption “Merida”, under Law No.(28) of (2004) published in issue No.(4669) of the Official Gazette dated (1/8/2004), the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (Vienna) under the law published in issue No.(3620) of the Official Gazette dated 1/4/1981, The Palermo Convention, published in the Official Gazette No.(4960) dated (30/4/2009). And the Convention for the Suppression of the Financing of Terrorism under Law No.(83) of (2003) and it was published in issue No.(4606) on (16/6/2003). It is worth referring to the reservation declared upon ratifying New York Convention (refer to C.5.1).
525. **Criterion 36.2: (Mostly Met)** The conventions which were ratified prevail over the national law in Jordan in case its provisions conflict with those of any law; which is one of the principles that the Court of Cassation has relied on in many judgments it has rendered. However, there are deficiencies related to the use of investigative techniques when investigating ML, associate offences, and TF (refer to C.31.2).
526. **Weighting and Conclusion:** Jordan ratified the international conventions referred to in criterion (36.1), and accordingly, it has become bound to fully implement them, and in case these conventions are conflict with the national law, the international conventions will prevail over the national law, since these principles were settled by the Court of Cassation. Nevertheless, Jordan did not ratify all articles in New York Convention, in addition to the failure to use all investigative techniques mentioned in Rec.31.
527. **For the above-mentioned reasons, Jordan is Largely Compliant with Recommendation 36.**

**Recommendation 37: Mutual legal assistance:**

528. During the first round, compliance with Recommendation (37) was rated Partially Compliant and the most important deficiencies were represented in the insufficient criminalizing money laundering and terrorist financing; the shortages in the scope of the mutual legal assistance; the absence of a mechanism to avoid the long period which took in order to execute the mutual legal assistance requests; and the absence of specific mechanisms to determine the most appropriate venue to initiate a lawsuit against the accused in favour of the justice. SRV5 was rated Non-Compliant, the most important deficiencies were represented in the insufficient criminalization of the TF act; shortages in the scope of mutual legal assistance; the absence of a mechanism to avoid the long-time taken to execute the mutual legal assistance requests; the reliance of authorities on dual criminalization to provide the mutual legal assistance, even as regards the less interfering actions; the failure to establish appropriate laws and measures for prompting and effective response upon the mutual legal assistance requests made by the foreign countries, when the request involves property of equivalent value; and the absence of special arrangements to coordinate the seizure and confiscation measures with other countries.
529. **Criterion 37.1: (Partly Met)** Jordan can provide mutual legal assistance, and Jordanian judicial authorities can cooperate with the non-Jordanian counterparts as regards assistance, rogatory letters, extradition of accused convicts and requests of non-Jordanian authorities to track, freeze, or seize funds or proceeds of ML/TF offenses (article 22 of the AML/CFT Law). The Jordan can also provide mutual legal assistance pursuant to the international, regional and bilateral agreements. However, it did not appear that there is a legal basis for the provision of legal assistance in relation to predicate offenses (and it is not included according to the AML/CFT Law) and no timing was determined for the provision

of the mutual legal assistance.

530. **Criterion 37.2: (Partly Met)** The legal assistance agreements relating to international cooperation on criminal matters indicate that the central authority is MOJ, given that it is mandated to disseminate the requests it receives from the requested countries to the competent judicial authorities. And at the same time, it disseminates the requests it receives from the Jordanian judicial authorities to the authorities in which the request should be given. The International Cooperation Directorate was established at MOJ, which consists of a division that handles the coordination of the incoming and outgoing judicial or legal assistance requests and verifies that disseminated to the competent authorities which is in charge of taking the procedures in regards of the execution of the assistance requests. On a similar note, those procedures as implementing the executing assistance requests are judicial procedures which are handled by the Public Prosecution.
531. Although there is a specific mechanism which set out in the practical guide for the criminal justice and law enforcement practitioners on international cooperation in criminal matters 2017 that identified the practical procedures taken as regards the assistance requests sent to Jordan, nothing indicated that there are not measures for the prioritization and timely execution of mutual legal assistance, and no case management system was established to monitor progress on the execution of requests. The current mechanism might not provide the assistance required in a timely manner, given that it goes through several procedural stages.
532. **Criterion 37.3: (Met)** The provision of mutual legal assistance is not subject to any conditions that would restrict the provision of assistance, except for the restrictions which hinder the rendering of assistance by virtue of relevant agreements, and they are related in general, to the fact that the request compromises the sovereignty, public order or basic interests of the State or the public ethics.
533. **Criterion 37.4 (a, b): (Met)** Jordan does not refuse MLA requests on the basis that the offense involves fiscal matters. Further, 2007 AML/CFT law indicates in its article 35 that secrecy and confidentiality including banking secrecy do not constitute a ground for refusing MLA request. Additionally, the banking secrecy is not considered as a restriction that hinders the provision of MLA in criminal matters. As article (72) of the Banking Law considered that the bank secrecy is lifted by a decision issued by a competent judicial authority in a current litigation, this condition is fulfilled, considering that the execution of the assistance requests is a judicial action taken by the Public Prosecution and all the decisions it issues as regards the execution of this request are enforceable judicial decisions.
534. **Criterion 37.5: (Mostly Met)** The investigation procedures adopted by the Public Prosecutor in charge of executing the assistance requests are considered confidential procedures that no one can have access to, according to article (64) of the Criminal Procedures Law No.(9) of (1961). Therefore, there are no specific provisions in the Jordanian domestic law on maintaining the privacy of the mutual legal assistance requests received, however the principle of keeping the assistance requests and their contents confidential was observed in several agreements ratified by Jordan. In addition, there is no legal text that fosters and maintains this privacy, to protect the integrity of the investigations or inquiries, except as noted in the enforceable texts set out in the agreements.
535. The principle of keeping the assistance requests and its contents confidential was observed, given that the relevant provisions were addressed in several agreements ratified by Jordan, such as article (5) of the mutual legal assistance agreement between Jordan and the United Kingdom, article (7) of the agreement on the mutual legal assistance in criminal matters between Jordan and the USA and article (8) of the agreement on the mutual legal assistance in criminal matters between Jordan and Australia.
536. **Criterion 37.6: (Partly Met)** There is no legal basis that permits the provision of legal assistance even when there is no dual criminality in the requests that involve non-coercive actions. However, the agreements entered into by Jordan in the mutual legal assistance field do not make dual criminality a condition for rendering assistance.
537. **Criterion 37.7: (Met)** The general principle in the agreements Jordan has committed to is to provide assistance, regardless of dual criminality. If dual criminality is a requirement for rendering assistance in some limited cases related to inspection, seizure and confiscation, assistance may be provided in line with the relevant national laws.

**Criterion 37.8: (Partly Met)**

538. **Criterion 37.8.a:** The Criminal Procedures Law No.(9) of (1961) and its amendments granted the Public Prosecutor wide powers to collect evidence of the crime and he may communicate, by virtue of these powers, with all the official and unofficial authorities to provide him with the documents or instruments which are necessary for the investigation, to request any person to attend in front of him and to hear his statements, and to seek the assistance of experts in various fields, according to the nature and type of the case presented to him in a way that could help him determine the course of the investigative case and take the appropriate decision in its regard. However, the Jordanian legislations do not provide the powers and investigative techniques which are set out in Recommendation 31 (undercover operations, interception of communications, accessing computer systems and controlled delivery) or for the extent to which it is possible to request information held by the AMLU.
539. **Criterion 37.8.b:** The Criminal Procedures Law No.(9) of (1961) and its amendments granted the Public Prosecutor wide powers to collect evidence of the crime, such as communicating with all the official and unofficial authorities to provide him with the documents or instruments which are necessary for the investigation, to request any person to attend in front of him and hear his statements, and seek the assistance of experts in various fields, according to the nature and type of the case presented to him in a way that could help him determine the way of the investigated case and take the appropriate decision in its regard.
540. **Weighting and Conclusion:** The time given to provide mutual legal assistance was not determined and there is no legal basis that permits the provision of assistance in relation to the predicate offenses. In addition, there are no processes regarding the timely prioritization and execution of mutual legal assistance requests and case management system to monitor progress on the execution of requests. There is no legal basis either for the execution of legal assistance requests when there is no dual criminality, in addition to the absence of powers and investigative techniques set out in Recommendation 31 to respond to the international legal assistance requests.
541. **For the above-mentioned reasons, Jordan is Partially Compliant with Recommendation.37.**

**Recommendation 38: Mutual legal assistance: Freezing and confiscation**

542. During the first round, Recommendation 38 was rated Partially Compliant, and the deficiencies were represented in the failure to establish appropriate laws and measures for prompt and effective response to the mutual legal assistance requests made by foreign countries, when the request involves property of equivalent value; the absence of special arrangements to coordinate the seizure and confiscation measures with other countries; the failure to consider the creation of a fund for misappropriated property where all or part of the confiscated property is deposited; and the insufficient criminalization of the acts of money laundering and terrorist financing.
543. **Criterion 38.1 (a, b, c, d, e) (Partly Met)** The Jordanian Penal Code No.16 of 1960 and its amendments of 2017 ,comprised confiscation cases and the AML/CFT Law No.(46) of 2007 and its amendments ,comprised the power to trace, freeze or seize funds or proceeds of ML/TF offenses and any its receipts, in addition cooperate with non-Jordanian judicial authorities, particularly as mentioned in article (22), but it was limited to the money laundering and terrorist financing offenses without the predicate offenses. In addition, it did not appear that the tracing, freezing, seizure and confiscation of property, instrumentalities and property of equivalent value intended for use in money laundering or predicate offenses were included
544. **Criterion 38.2: (Not Met)** The AML/CFT Law No.(46) of 2007 and its amendments included the power to trace, freeze and seize and the ability of Jordanian judicial authorities to cooperate with non-Jordanian judicial authorities, particularly as mentioned in article (22). There is no text that explicitly provides the provision of assistance to requests for cooperating on the basis of non-conviction-based confiscation proceedings, and related provisional measures, at a minimum in circumstances when a perpetrator is unavailable by reason of death, flight, absence, or the perpetrator is unknown.



545. **Criterion 38.3 (a, b) (Not Met)** There are no coordinated mechanisms regarding seizure and confiscation procedures with **other** countries. And the practical guide for the criminal justice and law enforcement practitioners on international cooperation in criminal matters 2017 did not refer upon any mechanisms regarding managing the property frozen, seized or confiscated and when necessary disposing of.
546. **Criterion 38.4: (Partly Met)** Paragraph (b) of article (23) of the AML/CFT Law No.(46) of 2007 and its amendments ,stipulated that proceeds of funds 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.
547. **Weighting and Conclusion:** It did not appear that the tracing, freezing, seizure and confiscated of property, instrumentalities and property of equivalent value which intended for use in money laundering or predicate offenses as were included. In addition, no assistance regarding the requests for cooperation is rendered on the basis of non-conviction based confiscation proceedings, and related provisional measures. There are no mechanisms for coordinating seizure and confiscation actions with other countries or mechanisms for managing, and when necessary, disposing of property frozen, seized or confiscated.

**548. For the above-mentioned reasons, Jordan is Non-Compliant with Recommendation.38.**

### **Recommendation 39: Extradition**

549. The MER for Jordan for 2009 mentioned that it was rated “Largely Compliant” with Recommendation 39. The deficiencies were limited into the insufficient criminalization of the ML act.
550. **Criterion 39.1: (Mostly Met):** Extradition of criminals is executed according to the practical guide for the criminal justice and law enforcement practitioners on the international cooperation in criminal matters issued in 2017.
551. **Criterion 39.1.(a) (Met):** Jordan extradites criminals in relation to ML/TF offenses (paragraph a, article 22 - AML/CFT Law).
552. **Criterion 39.1.(b) (Partly Met):** Jordan has measures in place for the execution of extradition requests, but these measures did not comprise a system for the management and prioritization of cases or their relevant time periods.
553. **Criterion 39.1.(c) (Met):** There are no restrictions on the execution of extradition requests except for the provisions on the protection of human rights , according to the international conventions and charters ratified by Jordan ,and which require to refuse extradition, if the extradition request was made to prosecute a person on account of race, colour, gender, religion, nationality or political views.
554. **Criterion 39.2: (Partly Met) (a, b)** Jordan does not extradite nationals according to all the agreements which has ratified. Nonetheless, Jordan applies the principle of prosecution in case of non-extradition and grants the Attorney General the power of referring the requested person to the competent court (the practical guide for the criminal justice and law enforcement practitioners on international cooperation in criminal matters) and the referral is optional. There is no information indicating that the request for the extradition of the criminal should be referred, without delay, to the competent authorities to prosecute him.
555. **Criterion 39.3: (Partly Met)** There is no explicit text (except as set out in the bilateral agreements signed, as the a signed with Australia in 2018) indicating that dual criminality is considered a condition that is satisfied for extraditing criminals, regardless of whether both (requesting and requested) countries place the offense in the same category , offense or denominate the offense by the same terminology, provided that both countries criminalized the conduct underlying the offense.
556. **Criterion 39.4: (Not Met)** The judicial procedures for extradition do not include simplified extradition mechanisms that allow transmission of provisional arrest between competent authorities and extradition of persons based on warrants of arrests (detention).

557. **Weighting and Conclusion:** It appears that the Jordan is compliant with the extradition of criminals except for its nationals, under specific conditions. However, there is no case management system for timely execution of extradition requests, including their prioritization. In case of requests for the extradition of its nationals, Jordan refer the case to the competent authorities for prosecution, but without mentioning that this procedure is undertaken without undue delay. The requirement of dual criminality is not deemed satisfied in case it is a condition for extradition and there are no simplified extradition mechanisms.

558. **For the above-mentioned reasons, Jordan is Partially Compliant with Recommendation.39.**

#### **Recommendation 40: Other forms of international cooperation**

559. When Jordan was assessed in 2009, it was rated “Partially Compliant” with Recommendation 40 and the deficiencies were represented in the failure to grant competent authorities the power for the direct exchange of information with counterpart and non-counterpart authorities in the AML/CFT field, the absence of statistics showing the international cooperation upon the exchange of information. Through the Follow-Up Reports, Jordan provided several statistics on the international cooperation.

#### **General Principles**

560. **Criterion 40.1: (Mostly Met)** Jordan provides cooperation at the judicial, the AMLU, Customs and security levels, through the Arab and International Police, given that the Arab and International Police Department was created to foster the relations with the General Secretariat of the Arab Interior Ministers Council, its related specialized offices , liaison divisions in the Arab countries , with the General Secretariat of the Interpol and the national central offices worldwide, to enable them in performing their diverse functions represented in the prosecution of the requested persons at the Arab and International levels, and the exchange of information which is undertaken upon request but not spontaneously and promptly (except in some cases at specific authorities (MOI and GID), and international cooperation does not include ML predicate offenses. IACC provides cooperation through the diplomatic ways, while the supervisory and monitoring authorities provide cooperation pursuant to agreements through ordinary or electronic mail.

561. The AML/CFT Law also refers to the power that the Jordanian judicial authorities have to cooperate with their counterparts (article 22), in addition to the power of the AMLU to exchange information with its counterparts (article 19).

562. As to international cooperation with the customs authorities, the Jordanian Customs Authority is a member of the World Customs Organization since 1964 and it signed several international, bilateral and local agreements and memorandums of understanding. These agreements aim at providing administrative cooperation and exchanging information on violations, commercial fraud, and smuggling of all types.

#### **Criterion 40.2 a, b, c, d, e: (Partly Met)**

563. **Criterion 40.2. (a):** The judicial authorities and the Unit have a legal basis for providing international cooperation, given that the AML/CFT Law in force granted the Jordanian judicial authorities the power to cooperate with non-Jordanian judicial authorities (article 22). Furthermore, article (19) of the AML/CFT Law also granted the Unit the right to exchange information with counterpart FIUs subject to reciprocity, and it may also enter into memorandums of understanding with its counterparts.

564. On this note, the Customs Authority provides international cooperation, considering that it is a member of the World Customs Organization since 1964 and it signed several international, bilateral and local agreements and memorandums of understanding. These agreements aim at providing administrative cooperation and exchanging information on violations, commercial fraud, and smuggling of all types. The security authorities also cooperate with counterpart authorities through the Interpol or through memorandums of understanding signed with several countries.

565. IACC requests information through the diplomatic channels, given that article (8/a/4) of the

Integrity and Anti-Corruption Law permits the provision of cooperation and coordination and the exchange of information, through diplomatic channels, and based on the principle of reciprocity.

566. The financial supervisory and monitoring authorities provide international cooperation through the memorandums of understanding which had been signed.
567. **Criterion 40.2.(b):** The Unit has the power to use clear methods for cooperating through the secure website of the Egmont Group or according to bilateral agreements, also the judicial authorities through the diplomatic channels and the Customs Authority as in the consolidated website of the World Customs Organization. The international cooperation through the Interpol is also considered effective. IACC and the Income and Sales Tax Department use diplomatic channels for international cooperation. As to financial supervisory and monitoring authorities, they exchange information through mail, electronic mail or on-site visits.
568. The Unit is a member of the Egmont Group since 2012 and committed to its charter and the Principles for Information Exchange between the FIUs. The Unit has fostered international cooperation in the AML/CFT field by signing memorandums of understanding with several Arab and foreign counterpart FIUs.
569. **Criterion 40.2 (c):** The AMLU has clear and secure methods for cooperating through the secure website of the Egmont Group(ESW), by using it which permits an encrypted exchange of electronic mails and information requests among the members, and in a way that contributes to effectiveness in expediting and facilitating cooperation and information exchange among members of the Group. The same applies as regards the judicial authorities which receive requests through diplomatic channels at MOFA and through which requests are also received. The Customs Authority relies on the CEN website of the World Customs Organization for international cooperation. As cooperation among the security agencies and their counterparts in which memorandums of understanding were signed which was provided through the Interpol. IACC and the tax departments provide cooperation only through diplomatic methods, while JSC and CBJ, through electronic and ordinary mail and mutual visits.
570. The Command of the Public Security Agency decided to create the Arab and International Police Department on (30/7/1997) to foster relation with the General Secretariat of the Arab Interior Ministers Council, its related specialized offices and liaison divisions in Arab countries and with the General Secretariat of the Interpol and the national central offices worldwide, to enable them to perform their diverse functions represented in the prosecution of the requested persons at the Arab and International levels, and the exchange of information and police intelligence with it, and also to execute the recommendations made at the security conferences and meetings and to coordinate between the Jordanian Public Security Agency and the Arab and international security agencies to foster cooperation between them on fighting against crime.
571. **Criterion 40.2 (d):** It appears that the AMLU has a process for prioritization, given that utmost priority is given when suspicion is the subject of the request (terrorist financing); however, as to the remaining competent authorities, such as the judicial authorities, the customs, the security authorities and other authorities such as IACC, tax departments and financial supervisory and monitoring authorities, which there are no clear procedures or mechanisms for prioritizing and timely execution of requests.
572. **Criterion 40.2.(e):** The country has a general framework for safeguarding the information, since the investigation procedures adopted by the Public Prosecutor in charge of executing the cooperation requests are confidential procedures that no one can have access to, according to article (64) of the Criminal Procedures Law No.(9) of (1961). All the procedures implemented by the investigative authorities and the information they have are protected and confidential by virtue of the Law on the Protection of State Secrets and Documents. The country mentioned that all the information relating to the Income and Sales Tax Department is basically confidential and it is only circulated within the limits provided for by the law and the international agreements. There are also additional frameworks that ensure the confidentiality of the information held by some authorities, which is associated with international organizations, such as the Egmont Group and others, or with bilateral agreements.
573. **Criterion 40.3: (Partly Met)** The Unit and the Customs Authority have signed MOUs with counterpart authorities and JSC. The Tax and Income Department have signed several memorandums

of understanding as well. On the other hand, IACC and the judicial authorities have not signed bilateral agreements with their counterparts. In general, no explicit text stating that signing such agreements could be negotiated and signed in a timely way, and with the widest range of foreign counterparts.

574. A standing committee was formed to study the draft agreements for legal and judicial cooperation within MOJ. It consists of judges and representatives from MOJ, under the presidency and membership of the Secretary General of MOJ, in the field of mutual legal assistance in criminal matters, extradition and transfer of convicted persons.
575. **Criterion 40.4: (Partially Met)** The AMLU and the Customs Authority provide feedback based on their respective procedures. However, the extent to which feedback is provided by judicial authorities or security entities is not clear, so is the case with the anti-corruption authorities and financial supervisory and monitoring authorities.
576. As to the Income and Sales Tax Department, which provides cooperation on the exchange of information according to applicable laws , regulations and international agreements the government enters into as regards fiscal matters.

**Criterion 40.5 a, b, c, d: (Partly Met)**

577. **Criterion 40.5.(a):** MOJ has sought, in the agreements it has recently entered into, to provide criminal assistance in crimes related to the fiscal cases, tax duties, and other revenues.
578. **Criterion 40.5.(b):** According to article (72) of the Banking Law No.28 of 2000, there are provisions on the bank secrecy, cases where the bank secrecy is lifted, including the issuance of a decision by a competent judicial authority specialized in a current litigation or for any of the cases permitted under the provisions of the Banking Law. It appears that the bank secrecy is not considered as a restriction that prevents the rendering of mutual legal assistance in criminal matters; in the event where assistance requests that involve bank transactions of any type are received, they shall be executed in compliance with the provisions of the agreement, and given that article (72) of the Banking Law has considered that the bank secrecy is lifted by a decision issued by a competent judicial authority in a current litigation. Article (19) of the AML/CFT Law No.(46) of 2007 and its amendments gave the Unit the right to exchange information with the counterpart FIUs , subjected to reciprocity, and provided that it shall be only used for AML/CFT purposes.
579. **Article (35) of the AML/CFT Law** stipulated that the provisions related to confidentiality including bank secrecy set out in any other law shall not inhibit the implementation of any of the provisions of this law.
580. **Criterion 40.5.(c):** All the requests for the international cooperation with counterpart FIUs are governed by article (19) of the AML/CFT Law and requests are answered in line with the Egmont Group's Principles for Information Exchange and the guiding form for memorandums of understanding, knowing that the Unit has never refused any request for information.
581. The refused information requests cases have done when these requests conflict with the local legislations and international agreements as the Jordan is a part of it, as the request compromises the State sovereignty or national security, provided that the requesting country is informed of the cause of rejection. The agreements that Jordan has signed on the provision of the assistance in criminal procedures have entitled the requested country to refuse a request for assisting in view of the criminal proceedings ,which are under execution or to defer the execution of the request until these proceedings are completed, as may be decided by the competent authority. As the Public Security Directorate is one of the investigative authorities, the execution of assistance may be deferred until the investigations are completed and the request may be sent to the competent authority in order to complete the executive procedures.
582. **Criterion 40.5.(d):** It does not appear that there are restrictions, as regards to the counterpart FIUs and international cooperation with them, and it is not clear the extent of the international cooperation which is provided as the nature of the authority requesting the information is different.
583. **Criterion 40.6 (Met):** Jordan observed the principle of specialty, where the information and evidence obtained as a result of a request for assistance and sent to the requesting country which may be used only for the purpose as it was requested by this country, unless a prior authorization has been given by the requested country to allow its use for other purposes. Article (19) of the AML/CFT Law

permitted the use of information exchanged with counterpart FIUs only for AML/CFT purposes.

584. **Criterion 40.7: (Met)** Employees of the AMLU are prohibited from disclosing any information they have access to or knowledge of by virtue of their positions, in any way whatsoever, and this prohibition remains even after the completion of their work at the Unit based upon (article 11 of the AML/CFT Law). The principle of keeping the confidentiality of the requests and relevant contents, such as information and the others, were also observed, given that the relevant provisions were addressed in several agreements on the mutual legal assistance that Jordan has ratified. The agreements signed by the Customs Department which also comprised a text on the use of information and confidentiality. The national policies on the security and protection of information comprised the Code of Conduct for Information Security (the Fourth Policy), and the Policy of Information Security Audit (the Fifth Policy), the Policy of Physical Security (the Sixth Policy), and other policies. No country has ever passed information sent to it and if it happens, the requests will be rejected until a clear agreement is reached.
585. **Criterion 40.8: (Partly Met)** Agreement and contracts observed the ability of judicial authorities, Customs, the AMLU and the security authorities to exchange information, where the AMLU cooperates with the non- counterpart FIUs or authorities indirectly, through counterpart FIUs , in events where requests for information received are mostly for the benefit of other authorities and disclosed within the information request and as a part of the description of the subject covered in the request and its purpose. It did not appear to what extent other authorities are able to conduct inquiries on behalf of foreign counterparts and exchange information with them.

#### **Exchange of information between FIUs**

586. **Criterion 40.9: (Partly Met)** The AMLU is entitled to exchange information with counterpart FIUs for AML/CFT purposes subject to reciprocity (article 19 of the AML/CFT Law). It also exchanges AML/CFT information through the Egmont Group and the signed memorandums of understanding. No provision has provided for the exchange of information in relation to ML predicate offenses or for cooperation, spontaneously.
587. **Criterion 40.10: (Partly Met)** The AMLU provides feedback based upon the requirements of the Egmont Group and according to the memorandums of understanding in which provided feedback, according to the Egmont Group's principles, without having a legal text which comprise its provision.

#### **Criterion 40.11: (Met)**

588. **Criterion 40.11.(a):** The AMLU has the power to request additional information and exchange information (noting that the Unit does not receive SARs or information on ML predicate offenses).
589. The country mentioned that the information exchanged comprises all types of information requested by the requesting counterpart unit, given that the Unit **has** the power to access all types of information and from any entity, whether directly, (by directly accessing to the information/electronic link) or indirectly (by communicating with the entity which holds the information), from the entities mentioned in article (18) of the AML/CFT Law (judicial authorities, supervisory and monitoring authorities exercising their power over entities subjected to the provisions of the law and any other administrative or security authorities), and examples of this information include: details relating to bank account, incoming and outgoing transfers, previous and current real estate properties, owned companies and institutions, security restrictions and even the confirmation of the person's address.
590. **Criterion 40.11 (b): (Met)** Article (19) of the AML/CFT Law No.(46) of 2007 and its amendment entitled the Unit to exchange information with counterpart FIUs for the AML/CFT purposes, subjected to reciprocity. The Unit is also entitled to sign memorandums of understanding with counterpart FIUs to regulate the cooperation in this regard.

#### **Exchange of information between financial supervisors**

591. **Criterion 40.12: (Partly Met)** CBJ signs MOUs with counterpart supervisors (reached 18 counterparts until 24/07/2018) which include the exchange of information on combating AML/CFT operations, including all the criteria of cooperation with supervisors; but there is no legal text on the provision of cooperation with foreign counterparts regarding the exchange of supervisory information relevant to AML/CFT and related offenses.
592. Clauses (c, d) of article 2 of the external branching instructions No.(18/2004) dated 26/4/2004

stipulate that CBJ takes into consideration the following when considering the requests for cross-border establishments: The level of cooperation of the host country, as regards the exchange of supervisory information (this includes AML/CFT information) and in general its level of compliance with the recommendations of Basel Committee , as regards supervision of cross-border establishments - and the agreements entered into with the supervisors in the host country.

593. JSC is authorized to provide foreign counterparts with information regarding the licensed entities in order to assist an ongoing investigation. Also, JSC is authorized to conduct an investigation by itself upon request of foreign counterpart based on reciprocity principle. However, there is no text indication explicitly that JSC can exchange information related to AML/CFT.
594. **Criterion 40.13: (Partly Met)** In the absence of a legal text as mentioned above, CBJ is not able to exchange with foreign counterparts' information domestically available to them. However, it relies on the MOUs to facilitate the process of exchange of AML/CFT information, including all the criteria of cooperation with foreign counterparts.
595. JSC is deemed able to render assistance according to articles (12/P) and (23) of the Securities Law (including the exchange of supervisory information) to counterparts or to authorities which are engaged in the same business. JSC has also the power to provide any non-Jordanian Securities Commission or any non-Jordanian authority regulating a capital market, upon request, with information on licensees or their business. The above-mentioned texts don't indicate explicitly exchange of AML/CFT information.

**Criterion 40.14: (Partly Met)**

596. **Criterion 40.14 (a, b, c):** As mentioned in 40.12, supervisory authorities have been granted powers to exchange information with other supervisors. Though, financial supervisors are not able to exchange information when relevant for AML/CFT purposes, in particular with other supervisors that have a shared responsibility for financial institutions operating in the same group
597. **Criterion 40.15: (Not Met)** There is no text that enables CBJ and JSC to conduct inquiries on behalf of foreign counterparts and to authorize or facilitate the ability of foreign counterparts to conduct inquiries themselves in the country.
598. **Criterion 40.16: (Not Met)** There is no text requiring CBJ and JSC to have the prior authorization of the requested supervisor for any dissemination of information exchanged or use of that information for supervisory and non-supervisory purposes.

**Exchange of information between LEAs**

599. **Criterion 40.17: (Partly Met)** LEAs are able to execute the requests of non-Jordanian authorities to trace the funds or proceeds subject of the ML/TF offenses (article 22 of the AML/CFT Law) and it appears that the text does not include requests related to predicate offenses. There is no explicit text that enables LEAs, in particular to exchange domestically available information with their foreign counterparts. Nonetheless, the Public Security Directorate may exchange domestically available information with foreign counterparts with which memorandums of understanding were signed through the Arab and International Police and for the purposes of inquiries or investigations.
600. The international, regional and bilateral agreements in the field of mutual legal assistance in criminal issues which the Jordan became part to, are the legal basis for rendering various forms of legal assistance. They are considered a part of the national legislation in the Jordan and they prevail over the said legislation if their provisions conflict with such legislations. The legal basis is also reflected in the national procedural legislations which are applied for the purposes of executing these requests, in particular the Criminal Procedures Law No.(9) of (1961), considering that the procedures laid down by this law are applied to the legal assistance requests, and the agreements which were recently entered into by the Jordan have observed once again the provision of the widest range possible of legal assistance requests in criminal matters.
601. Jordan has promulgated the laws which regulate the work of the Public Security Force as regards exchanging domestically the available information with the counterparts, though the Arab and International Police, and for the purposes of inquiries or investigations. It is worth noting, that they are part of the LEAs, as set out in article (8) of the Criminal Procedures Law. On this note, article (4) of the Public Security Law indicated the duties of the Security Force which include preventing, detecting and investigating crimes, arresting their perpetrators and bringing them to justice, implementing laws,

legislations and lawful official orders, and assisting public authorities to perform their functions according to the provisions of the law.

602. **Criterion 40.18: (Mostly Met)** The Public Security is able to exchange domestically the available information with foreign counterparts, based on agreements signed, through the Arab and International Police and for the purposes of inquiries or investigations, or through the requests for legal assistance which are received through diplomatic channels.
603. **Criterion 40.19: (Partly Met)** Despite the absence of legal legislations that enable LEAs to form joint investigative teams to conduct cooperative investigations, so Jordanian authorities entered into memorandums of understanding that indicate the possibility in forming this type of teams.
604. There are several memorandums of understanding signed with LEAs in many countries to form joint investigative teams for transnational crimes, but they are not declared (very confidential) ,which are in accordance with article 8 of the Criminal Procedures Law, and article 4 of the Public Security Law and as noted also in criterion 40-18 above.

**Exchange of information between non-counterparts**

605. **Criterion 40.20: (Partly Met)** The judicial authorities, the Public Security and the AMLU have the power to exchange information based on the principle of reciprocity. The AMLU has the power to exchange information based on the principle of reciprocity or according to the memorandums which have been signed. As to income tax, information may not be exchanged with any of the international authorities unless according to the agreements that the Jordan has signed (the number of these countries reached 37).
606. **Weighting and Conclusion:** Jordan has achieved a progress in international cooperation but there are still deficiencies as regards the absence of a legal basis for the provision of international cooperation in relation to predicate offenses, in addition to the failure to provide cooperation, spontaneously and upon request and the absence of a text providing for the periods determined as the provision of cooperation. Except for the AMLU, competent authorities lack clear processes or mechanisms for the prioritization and timely execution of requests. In addition, there are restrictions on the exchange of information or the provision of legal assistance when there are criminal proceedings under execution. There is no legal text on the provision of cooperation with foreign counterparts, as regards the exchange of supervisory information relevant to AML/CFT and related offenses.
607. There is no explicit text on the ability of supervisors to exchange AML/CFT information, such as internal AML/CFT procedures and policies, customer due diligence information, customer files, samples of accounts and transaction operations. There is no text that enables financial supervisors (CBJ and JSC) to conduct inquiries on behalf of foreign counterparts and to authorize or facilitate the ability of foreign counterparts to conduct inquiries themselves in the country. Furthermore, there is no text required financial supervisors to have the prior authorization of the requested supervisor for any dissemination of information exchanged or use of that information for supervisory and non-supervisory purposes. There is no explicit text that enables LEAs in particular to exchange domestically the available information with their foreign counterparts.

608. **For the above-mentioned reasons, Jordan is Partially Compliant with Recommendation 40.**

**Table of compliance with the FATF Recommendations:**

<b>Recommendation</b>	<b>Rating</b>	<b>Factor (factors) underlying the evaluation</b>
1 Assessing risks and applying a risk-based approach	PC	<ul style="list-style-type: none"> <li>- National ML/TF risk assessment process has not been completed.</li> <li>- Absence of a national that would encompass identified risks, set priorities and efficiently channel resources.</li> <li>- NRA preliminary findings were not disseminated to all DNFBPs who are also not required to conduct sectoral assessment.</li> <li>- FIs and DNFBPs are not obliged to take policies to mitigate and control identified risks.</li> </ul>
2 National cooperation and coordination	LC	<ul style="list-style-type: none"> <li>- The domestic legislative structure laid down an appropriate framework for coordination among all competent governmental sectors through their representatives in a group of high-level thematic committees for the purpose of finalizing the sectorial policies, in the absence of standing technical committees. The absence of mechanisms for the implementation of policies at the operational level also inhibit their effectiveness.</li> <li>- The mechanisms for operational cooperation among competent national authorities are still not well-defined, namely in the implementation of the UNSCRs relating to the suppression of proliferation.</li> </ul>
3 Money laundering offense	LC	<ul style="list-style-type: none"> <li>- The Jordanian law did not provide for the tangible and intangible assets in the definition of funds.</li> <li>- The domestic laws did not criminalize piracy.</li> <li>- The sanctions against legal persons are not proportionate or dissuasive.</li> </ul>
4 Confiscation and provisional measures	PC	<ul style="list-style-type: none"> <li>- Confiscation against legal persons is not recognized.</li> <li>- The Jordanian law did not refer to the possibility of confiscating the instrumentalities used or intended for use in the ML offense.</li> <li>- There is no clear mechanism for managing and disposing of property frozen, seized or confiscated. The law does not impose a punishment upon the establishment of the violation by the entity which is required to temporarily discontinue the dealing.</li> </ul>
5 Terrorist financing offense	LC	<ul style="list-style-type: none"> <li>- Jordan had reservation on article 2 of New York convention (Para 1(b)).</li> <li>- Jordan does not include other assets in its definition of funds.</li> </ul>
6 Targeted financial sanctions related to terrorism and terrorist financing	PC	<ul style="list-style-type: none"> <li>- There are no procedures or information supporting the designation which should be provided to another country in order to give effect to their freezing mechanisms; clear guidance on the obligations of FIs and DNFBPs to take the necessary actions under the freezing mechanisms; obligations requiring financial entities and DNFBPs to report attempted transactions to the technical committee; publicly known procedures to unfreeze the funds or other assets of persons or entities with the same or similar name as designated persons or entities; or a mechanism for communicating unfreezing's to entities immediately and without delay.</li> </ul>
7 Targeted financial sanctions related to proliferation	NC	<ul style="list-style-type: none"> <li>- Absence of any measures, instructions or mechanisms for implementing TFS related to proliferation.</li> </ul>
8 Non-profit organizations	NC	<ul style="list-style-type: none"> <li>- Jordanian authorities did not identify a subset of NPOs at risk of terrorist financing abuse.</li> <li>- They did not identify their features and types, or the threats posed by terrorist groups to these NPOs.</li> <li>- Authorities did not review their measures to face the risks of misusing this sector by terrorists or terrorist organizations; and the risks of this sector are not periodically assessed in order to identify relevant vulnerabilities.</li> <li>- There are no policies to promote integrity, for the management of these NPOs or awareness programs on TF risks for organizations and donors and working with them to develop best practices and encouraging them to use organized channels in their financial transactions.</li> <li>- No supervision or monitoring of this sector is conducted, based on TF risks and there are no</li> </ul>



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		<p>dissuasive sanctions imposed on breaching organizations, except for the administrative sanctions which are not considered dissuasive.</p> <ul style="list-style-type: none"> <li>- There are no mechanisms for cooperation and coordination between concerned authorities which hold information on NPOs; and there is no investigative expertise and capability to examine NPOs suspected of being related to terrorist activities.</li> <li>- Full access to information on a particular NPO during the course of an investigation is not ensured and there are no mechanisms for the prompt sharing of information.</li> <li>- Jordanian authorities did not identify points of contacts in charge of receiving international requests on particular NPOs when they are suspected to relate to terrorist financing.</li> </ul>
9 Financial institution secrecy laws	C	- The Recommendation is fully met
10 Customer due diligence	LC	<ul style="list-style-type: none"> <li>- The instructions issued to banks and providers of postal services do not provide for relevant obligations to perform enhanced CDD measures where risks are higher and to undertake due diligence measures as regards customers and tipping-off,</li> <li>- Absence instructions for micro-finance companies in order to meet the requirements of this Recommendation (the weighing of the sector was taken into account upon judging the rating of this Recommendation).</li> </ul>
11 Record keeping	LC	<ul style="list-style-type: none"> <li>- The instructions issued to banks, companies subjected to the authority of JSC, providers of postal services, entities engaged in financial activities and companies engaged in the financing lease activity mostly met the relevant obligations.</li> <li>- There are no instructions issued to micro-finance companies in order to meet the requirements of this Recommendation (the weighing of the sector was taken into account upon judging the rating of this Recommendation).</li> </ul>
12 Politically exposed persons	LC	<ul style="list-style-type: none"> <li>- The instructions issued to banks and electronic payment and money transfer service companies include a definition of foreign and domestic PEPs that does not comprise their close associates.</li> <li>- There are no instructions for micro-finance companies in order to meet the requirements of this Recommendation (the weighing of the sector was taken into account upon judging the rating of this Recommendation).</li> </ul>
13 Correspondent banking	C	- The Recommendation is fully met.
14 Money or value transfer services	LC	- The Jordanian law does not empower TRA to supervise postal services for their compliance with the AML/CFT requirements.
15 New technologies	LC	- Postal service providers are not required to identify and assess risks that may arise when creating or developing new products.
16 Wire transfers	LC	<ul style="list-style-type: none"> <li>- The instructions issued to banks, electronic payment and money transfer service companies and entities providing postal services do not require them to verify the accuracy of transfer information, unless there is a suspicion of ML/TF</li> <li>- The instructions issued to banks and exchange companies do not explicitly require them to include full beneficiary information that is traceable within the beneficiary country in the transfers</li> <li>- And the bank is not compelled to immediate production of the information required from the official authorities</li> <li>- Nothing indicates that electronic payment and money transfer companies originating the transfer are not allowed to execute wire transfers if they do not contain the necessary information</li> <li>- The instructions issued to electronic payment and money transfer service companies stipulate that the intermediary company is required to ensure that all information that accompanies the electronic transfer is retained with it when executing the transfer, without determining the details of the information which should accompany the transfers Financial</li> </ul>

		entities are not prohibited from conducting transactions with persons and entities, as per the obligations set out in the UNSCRs
17 Reliance on third parties	LC	<ul style="list-style-type: none"> <li>- No mechanism for record-keeping was identified clearly and in detail and the instructions issued to entities engaged in any of the financial activities did not contain any reference to the mechanism for the implementation of CDD and record-keeping requirements.</li> <li>- No measures were taken by the country to determine the countries which meet the conditions based on their level of risks.</li> <li>- No AML/CFT instructions were issued to micro-finance companies.</li> </ul>
18 Internal controls and foreign branches and subsidiaries	LC	<ul style="list-style-type: none"> <li>- The instructions issued to banks, the securities sector, financing lease companies and insurance companies were limited to the performance of screening procedures to ensure high standards of competence when hiring employees, without specifying what those procedures were.</li> <li>- The instructions issued to electronic payment and transfer service companies only mentioned that they should verify that those who were appointed have not been previously convicted of any crimes involving immorality or dishonesty or criminalized with ML/TF, without providing for high standards of competence when hiring employees</li> <li>- No AML/CFT instructions were issued to micro-finance companies.</li> <li>- The instructions issued to insurance companies, the securities sector and the post companies did not mention training in the AML/CFT field.</li> <li>- The instructions issued to insurance companies did not mention the obligation to appoint a compliance officer.</li> <li>- There is no obligation requiring FIs to verify that foreign branches and subsidiaries are applying the instructions.</li> </ul>
19 Higher-risk countries	LC	<ul style="list-style-type: none"> <li>- Some instructions issued to FIs only provided for the implementation of enhanced due diligence as regards the customer or the beneficiary and not all the business relationships.</li> <li>- No AML/CFT instructions were issued to micro-finance companies.</li> </ul>
20 Reporting of suspicious transactions	PC	<ul style="list-style-type: none"> <li>- The legal text and the instructions issued to FIs were only limited to the obligation to report any transaction suspected to relate to money laundering or terrorist financing, without the obligation to report, by virtue of a law, cases suspected to involve funds which are the proceeds of a criminal activity and all the suspicious transactions including attempted transactions, regardless of the amount of the transaction.</li> </ul>
21 Tipping-off and confidentiality	PC	<ul style="list-style-type: none"> <li>- The law did not comprise the protection of FIs when disclosing any information in good faith, in case of suspicion, or if the underlying criminal activity is not known, regardless of whether the criminal activity actually occurred.</li> <li>- The law protection also did not cover FIs directors, officers and employees.</li> <li>- The law does not refer to the provisions on tipping-off, and confidentiality of reporting should not inhibit the sharing of information at group-level.</li> </ul>
22 DNFBPs - Customer due diligence	NC	<ul style="list-style-type: none"> <li>- No instructions or enforceable means were issued to lawyers, legal professionals, accountants, and persons or entities which</li> <li>- undertake, on behalf of others, the creation or management of any legal person, or buying and selling of business shops.</li> </ul> <p>The instructions issued to jewelry stores mostly meet the criteria of Recommendation 10, with deficiencies in meeting the criteria of Recommendations 15 and 17.</p> <ul style="list-style-type: none"> <li>- The AML/CFT Law does not explicitly refer to any AML/CFT obligations on lawyers, accountants and licensed notaries.</li> </ul>
23 DNFBPs: Other measures	NC	<ul style="list-style-type: none"> <li>- No instructions or enforceable means were issued to lawyers, legal professionals, and accountants.</li> <li>- The instructions issued to jewelry stores and real estate offices did not mostly meet the criteria relating to Recommendation 20, given that the reporting was limited to transactions suspected to involve money laundering.</li> </ul>

		<ul style="list-style-type: none"> <li>- The instructions issued to jewelry stores did not include the criteria relating to Recommendation 18, in terms of the absence of an independent audit unit to test the system and the failure to apply screening procedures to ensure high standards of competence when hiring employees.</li> </ul>
24 Transparency and beneficial ownership of legal persons	PC	<ul style="list-style-type: none"> <li>- There is a mechanism to identify and describe the processes for the creation of legal persons. However, the mechanism for obtaining and recording beneficial ownership information is not publicly available.</li> <li>- Jordan has not conducted a ML/TF risk assessment with regards to all types of legal persons created in the country, however, the national risk assessment partly covered the assessment of legal persons.</li> <li>- The Companies Law stipulated that when a change or amendment is made to the company's data, these changes should be submitted within 30 days from their occurrence. However, there is no mechanism that permits to ensure that the information is accurate and updated in a timely manner</li> <li>- There is no mechanism to monitor the quality of assistance that Jordan receives from other countries in response to requests for basic and beneficial ownership information or requests for assistance in locating beneficial owners residing abroad.</li> </ul>
25 Transparency and beneficial ownership of legal persons	NC	<ul style="list-style-type: none"> <li>- Trustees of the Awqaf are not required to keep relevant awqaf information.</li> <li>- Trustees and Awqaf service providers lack the measures to obtain and hold basic information on other regulated agents.</li> <li>- There are no measures to ensure that trustees disclose their status to financial institutions and DNFBPs.</li> <li>- There are no enforceable means that grant Jordanian LEAs the power to obtain timely access to information held by trustees, and other parties, on beneficial ownership and controlling interests of the Awqaf.</li> <li>- There are no measures for the rapid provision of international cooperation in relation to information on Awqaf.</li> <li>- There is no legislation that subjects trustees to legal liability for failure to perform their obligations.</li> <li>- No proportionate and dissuasive sanctions, (whether criminal, civil or administrative) are imposed for non-compliance.</li> </ul>
26 Regulation and supervision of financial institutions	PC	<ul style="list-style-type: none"> <li>- It did not appear to the assessment team that all the supervisory and monitoring authorities of the financial sector adopt a risk-based approach to supervision which relies, in terms of its causes and determinants, on the threats and vulnerabilities facing the internal systems of FIs which were detected as a result of previous off- site and on-site supervisions .</li> <li>- The periodicity and strength of the supervision carried out by the Central Bank on banks as well as the supervision of securities entities are subject to the sectoral risks identified by the regulatory authorities. But considering that the NRA data was not completed, it cannot be asserted that it takes into account all ML/TF risks in Jordan. As regards to the supervision of other financial institutions, it does not appear that risks are taken into consideration</li> <li>- Jordanian authorities did not provide accurate information on the observance of the supervisory policies of the characteristics of the financial and banking sector (the size of the sector and diversity of its activities, the degree of discretion allowed to the subjected institutions under the activation of the risk-based approach).</li> <li>- The legislation in force did not indicate that there is an obligation requiring supervisory and monitoring authorities of the financial and banking sector to conduct a periodical review of their assessment of the reporting entities' risk profile, including the risk of non-compliance, or whenever it is necessary, due to the emergence of important nominal or objective causes associated with their management or operations.</li> </ul>
27 Power of Supervisors	LC	<ul style="list-style-type: none"> <li>- There is no legislation granting MITS and Telecommunication Regulatory Commission to impose sanctions, according to C.27.4 requirements.</li> </ul>

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28 Regulation and supervision of DNFBPs	PC	<ul style="list-style-type: none"> <li>- The legislative initiatives have recognized, albeit in a grandiloquent style, the regulatory, supervisory and disciplinary powers entrusted to DLS and MOI in the AML/CFT field, while they did not guarantee the sound legal grounds for the powers of the Bar Association board in this field, which results in placing its precautionary intervention through preventive measures under total restraint, the last of which is deterrence.</li> <li>- The chartered accountants did not seem to be subjected to the supervision of a specific authority, and most of the actions taken by supervisory and monitoring authorities of DNFBPs and SRBs do not have any impact, considering their low number, due to the absence of a clear vision about their constituents and objectives.</li> </ul>
29 Financial Intelligence Unit	LC	<ul style="list-style-type: none"> <li>- The receipt of notifications relating to ML predicate offenses are beyond the competences of the Unit</li> <li>- No information was provided on how the AMLU conducts the strategic analysis.</li> </ul>
30 Responsibilities of law enforcement and investigative authorities	C	<ul style="list-style-type: none"> <li>- The Recommendation is fully met</li> </ul>
31 Powers of law enforcement and investigative authorities	C	<ul style="list-style-type: none"> <li>- The Recommendation is fully met</li> </ul>
32 Cash couriers	PC	<ul style="list-style-type: none"> <li>- The amount set in the Jordanian law to implement the written declaration system for travellers exceeds the one set in the Methodology.</li> <li>- Absence of the obligation to declare funds upon departure from the Jordan.</li> <li>- In addition, the obligation, according to the legal text, did not include some other forms of transportation, such as transportation through mail and cargo.</li> <li>- The sanctions in case of false declaration are not proportionate or dissuasive.</li> <li>- There is no power to restrain and stop currency associated with predicate offenses, in addition to what was noted that the provision relating to confiscation does not extend to BNIs</li> </ul>
33 Statistics	PC	<ul style="list-style-type: none"> <li>- The mechanisms adopted at the national level for the collection of statistics related to all forms of international cooperation (sent and received) and their results were not indicated.</li> <li>- It did not appear to what extent they are required to retain these statistics.</li> </ul>
34 Guidance and feedback	PC	<ul style="list-style-type: none"> <li>- The awareness programs which are conducted by the AMLU remain limited in terms of scope, update and adequacy.</li> </ul>
35 Sanctions	PC	<ul style="list-style-type: none"> <li>- The domestic legislation recognized restraining and administrative penalties in line with the principles of measurement and gradation, given that their severity varies according to the seriousness of the violation. Even if this statement is true from the sheer objective viewpoint, considering the direct final target reflected in the application of the punishment for the breaches that require accountability, it is incorrect from a comprehensive viewpoint that observes the legitimacy of these measures.</li> <li>- This is due to the lack of explicitly designating the supervisory and monitoring authorities and the legal consecration of their competences which are created under special legislations (including the power to impose punishment), in line with the principle of hierarchy of the sources of law.</li> </ul>
36 International instruments	LC	<ul style="list-style-type: none"> <li>- Jordan did not ratify all articles in New York Convention</li> <li>- Failure to use all investigative techniques mentioned in Rec.31</li> </ul>
37 Mutual legal assistance	PC	<ul style="list-style-type: none"> <li>- The time given to provide mutual legal assistance was not determined.</li> <li>- There is no legal basis that permits the provision of assistance in relation to predicate offenses.</li> <li>- There are no processes for the prioritization and timely execution of mutual legal assistance requests.</li> <li>- There is no case management system to monitor progress on the execution of requests.</li> </ul>

		<ul style="list-style-type: none"> <li>- There is no legal basis for the execution of legal assistance requests when there is no dual criminality.</li> <li>- Absence of powers and investigative techniques set out in Recommendation 31 to respond to the international legal assistance requests.</li> </ul>
38 Mutual legal assistance: Freezing and confiscation	NC	<ul style="list-style-type: none"> <li>- It did not appear that the tracing, freezing, seizure and confiscation of property, instrumentalities and property of equivalent value intended for use in money laundering or predicate offenses were included.</li> <li>- No assistance to requests for cooperation is rendered on the basis of non-conviction-based confiscation proceedings, and related provisional measures.</li> <li>- There are no mechanisms for coordinating seizure and confiscation actions with other countries or mechanisms for managing, and when necessary, disposing of property frozen, seized or confiscated.</li> </ul>
39 Extradition	PC	<ul style="list-style-type: none"> <li>- There is no case management system for timely execution of extradition requests, including their prioritization.</li> <li>- In case of requests for the extradition of its nationals, Jordan refers the case to the competent authorities for prosecution, but without mentioning that this action is undertaken without undue delay.</li> <li>- The requirement of dual criminality is not deemed satisfied in case it is a condition for extradition.</li> <li>- There are no simplified extradition mechanisms.</li> </ul>
40 Other forms of international cooperation	PC	<ul style="list-style-type: none"> <li>- Absence of a legal basis for the provision of international cooperation in relation to predicate offenses.</li> <li>- Failure to provide cooperation, spontaneously and upon request.</li> <li>- Absence of a text providing for the periods determined for the provision of cooperation.</li> <li>- Except for the AMLU, competent authorities lack clear processes or mechanisms for the prioritization and timely execution of requests.</li> <li>- no explicit text stating that signing such agreements could be negotiated and signed in a timely way, and with the widest range of foreign counterparts</li> <li>- There are restrictions on the exchange of information or the provision of legal assistance when there are criminal proceedings under execution.</li> <li>- There is no legal text on the provision of cooperation with foreign counterparts, as regards the exchange of supervisory information relevant to AML/CFT and related offenses.</li> <li>- There is no explicit text on the ability of supervisors to exchange AML/CFT information, such as internal AML/CFT procedures and policies, customer due diligence information, customer files, samples of accounts and transaction operations.</li> <li>- There is no text that enables financial supervisors (CBJ and JSC) to conduct inquiries on behalf of foreign counterparts and to authorize or facilitate the ability of foreign counterparts to conduct inquiries themselves in the country.</li> <li>- Furthermore, there is no text requiring financial supervisors to have the prior authorization of the requested supervisor for any dissemination of information exchanged or use of that information for supervisory and non-supervisory purposes.</li> <li>- There is no explicit text that enables LEAs in particular to exchange domestically available information with their foreign counterparts.</li> </ul>

### Glossary of Acronyms

JOD	Jordan Dinar
CBJ	Central Bank of Jordan
NAMLTFC	National Anti-ML/TF Committee
PSD	Public Security Directorate
MITS	Ministry of Industry and Trade and Supply
CSPD	Civil Status and Passport Department
IACC	Integrity and Anti-Corruption Commission
AMLU	Financial Investigation Division
FTFs	Foreign Terrorist Fighters
GCC	Gulf Co-operation Council
CCD	Companies Control Department
LEAs	Law Enforcements Agencies
MLA	Mutual Legal Assistance
MOAIAHP	Ministry of Awqaf, Islamic Affairs and Holy Places
MOFA	Ministry of Foreign Affairs
MOI	Ministry of Interior
MOJ	Ministry of Justice
DLS	Department of Lands and Survey
NRA	National Money Laundering and Terrorist Financing Risk Assessment
MOU	Memorandum of understanding
PPO	Public Prosecutions Office
JSC	Jordan Securities Commission
TFS	Targeted Financial Sanctions
UNSCRs	United Nations Security Council Resolutions
WMD	weapons of mass destructions
IOSCO	International Organization of Securities Commissions
MOF	Ministry of Finance
MOCIT	Ministry of Communication and Information Technology
RBA	Risk Based Approach
CPA	Certified Public Accountant