

2nd Enhanced Follow-Up Report for Hashemite Kingdom of Jordan

Technical Compliance Re-Rating Request

Anti-Money Laundering and
Combating the Financing of Terrorism

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Hashemite Kingdom of Jordan

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This document contains the 2nd Enhanced FUR for the Hashemite Kingdom of Jordan, which includes a TC re rating request for (16) recommendations. This report reflects the kingdom's efforts, since the adoption of the MER in November 2019 and the 1st EFUR in June 2021. The 34th MENAFATF plenary has adopted this report provided that the Kingdom remains in the Enhanced Follow-up process and submits its 3rd Enhanced FUR in the 36th plenary meeting in May 2023.

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**Hashemite Kingdom of Jordan's 2nd Enhanced Follow-up Report
(With a Technical Compliance Re-rating)**

Introduction:

1. Jordan was assessed by MENAFATF, according to the 40 recommendations adopted by the FATF in 2012 and any subsequent amendments thereto and the methodology adopted in 2013 and any subsequent amendments thereto, the report was adopted at the 30th MENAFATF Plenary held in Cairo, November 2019. Based on the ratings, and as per the MER process, the MENAFATF Plenary concluded that the Kingdom of Jordan will be subject to Enhanced Follow-Up.
2. This report analyzes the efforts of the Kingdom in addressing the deficiencies referred to in the MER in the recommendations that the country requested re-rating, which are (1, 4, 6, 7, 20, 21, 24, 26, 32, 33, 35, 37, 38 and 40). As well as (R. 2 and 15) which were amended by the FATF after the onsite visit. This report is considered the 2nd EFUR for the Kingdom and does not address the efforts exerted by the country in the effectiveness area.

Results of the MER:

3. In accordance with the MER that included the analysis for the level of Technical Compliance with the 40 Recommendations, the Kingdom was rated (Compliant) in 4 Recommendations; (Largely Compliant) in 15 Recommendations; (Partially Compliant) in 15 Recommendations and (Non- Compliant) in 6 Recommendations, as follow:

Table (1): Technical Compliance Ratings

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

- Note: There are four Possible ratings for Technical Compliance (Compliant, Largely Compliant, Partially Compliant, Non-Compliant).
- Reference: The Hashemite Kingdom of Jordan's MER 2019: <https://www.menafatf.org/information-center/menafatf-publications/hashemite-kingdom-jordan-mutual-evaluation-report>

4. In coordination with the MENAFATF Secretariat, Messrs. Mohamed Kammoun from the Ministry of Justice of the Republic of Tunisia, Mohamed Nejem from the Committee on Prohibition and Anti-Money Laundering and Combating Terrorist Financing in the Kingdom of Bahrain, and Khaled Sabeq from the Egyptian Anti-Money Laundering and Combating Terrorist Financing Unit, have analyzed the compliance of the Hashemite Kingdom of Jordan with Recommendations (1, 2, 4, 6, 7, 15, 20, 21, 24, 26, 32, 33, 35, 37, 38 and 40).

Overview on the achieved progress in implementing the Recommendations requested for re-rating:

A. Recommendations requested for Re-Rating:

5. This section of the report reviews the analysis of the efforts made by the Hashemite Kingdom of Jordan to comply with the requirements of the recommendations in which it was rated "Partially Compliant" and "Non-Compliant", including Recommendations 1, 4, 6, 7, 20, 21, 24, 26, 32, 33, 35, 37, 38 and 40.

Recommendation 1 (Risk Assessment and implementing Risk Based Approach “RBA”) (PC):

6. As per the MER, the stage of determining the consequences and the overall level of risks in the NRA was not completed, and not adopting a national strategy based on a holistic and multi-dimensional approach that is capable of absorbing all risks, setting priorities and directing resources effectively, as well as not disseminating the preliminary results of the NRA to all DNFBPs, and the absence of binding means regarding the self-assessment of risks and requirements for FIs and DNFBPs. in order to implement policies that would mitigate and control risks that have been identified.
7. To address the shortcomings, the Kingdom adopted in February 2019, the NRA, whereby the summary of the NRA was disseminated to all supervisory authorities and LEAs, moreover it was published on the FIU’s website in August 2020. The National Strategy, however, was reviewed in accordance with the NRA findings and has been approved for 2019-2021. The Kingdom, therefore, is moving towards updating the NRA every two years as a maximum, whenever needed.
8. In 2021, the Kingdom issued AML/CFT Law No. 20 requiring FIs and DNFBPs to identify, assess, understand and monitor the risks of ML/TF in proportion to the nature and size of the reporting entity, the requirements of the supervisory authorities and the level of national risks, and to adopt and approve policies, controls and procedures to manage and mitigate risks, based on the risk assessments, as well as taking enhanced measures to manage and mitigate risks, in proportion to the risk assessments, when specific cases of high risks are realized or when there is suspicion of ML/TF, and to document and update periodically risk self-assessment processes.
9. **Conclusion:** It is clear from the above analysis that the Hashemite Kingdom of Jordan has met most of the requirements of this recommendation after it adopted the NRA and the review of the National Strategy in line with the identified risks, requiring FIs, DNFBPs to identify, understand and assess ML/TF risks, and to develop policies and procedures for managing and mitigating those risks based on the findings of the risk assessments, and to apply simplified or enhanced measures in line with identified risks. In light of this, the Kingdom was rated “Met” in 7 criteria, "Mostly Met” in 4 out of 12 criteria, while it was rated “N/A” in one criterion, which explains the reason for assigning a "LC" rating for this recommendation. It remains for Jordan to expedite the completion of specialized risk assessments until the NRA is updated, and to circulate the results of the risk assessment process to include the remaining identified

DNFBPs through a clear national mechanism. The supervisory authorities to issue orders related to simplified measures, especially since the country has adopted the NRA report (1.8).

10. According to the above and since all shortcomings are addressed, the level of compliance of R.1 is "LC".

Recommendation 4 (Confiscation and Provisional Measures) (PC)

11. According to the MER, the confiscation was not acknowledged against the legal persons, and the Jordanian law does not refer to the possibility of confiscating the instrumentalities used or that would have been used in the money laundering crime, and there is no clear mechanism for managing and disposing of the seized, frozen, confiscated properties, and the law does not impose a punishment upon the establishment of the violation by the entity which is required to temporarily discontinue the dealing.
12. In order to address the shortcomings, the Kingdom issued in 2021 the AML/CFT Law No. 20 which allows the confiscation of property laundered by natural persons, whether it is in their possession or in the possession of third parties. The law also allows, in cases where a ML/TF offence is committed by a legal person through any of the persons responsible for its actual management or authorized to exercise powers thereof, the imposition of punishment against the legal person with a fine of no less than double the value of the funds subject of the crime and not exceeding five hundred thousand dinars in addition to confiscation of the proceeds of the crime and its incomes. The law also provides for the confiscation of property, proceeds of crime, incomes and benefits, and any instrumentalities used or intended to be used in committing the crime. The law includes explicitly and exclusively the funds derived from ML/TF crimes.
13. Under Law No. 20 of 2021, an office was established under the Attorney General in Amman to manage the seized and confiscated funds and assets, provided that the office's tasks, powers, and its management shall be through a bylaw issued for this purpose, noting that the seized funds and assets are currently managed through Judiciaries, and through a Department affiliated to the Public Prosecution's Office/Amman, who undertakes the task of imposing criminal sentences issued in cases of corruption, economic crimes and money laundering. However, the courts responsible for handling cases, take the measures they deem appropriate to preserve and manage funds and assets. The completion of the final bylaw of the aforementioned office is underway.
14. **Conclusion:** It is clear from the above analysis that the Hashemite Kingdom of Jordan met most of the requirements of this recommendation after the issuance of Law No. 20 of 2021 related to AML/CFT, which stipulated for the confiscation of property, proceeds and instrumentalities used or intended to be used in money laundering and predicate crimes, it also acknowledged the establishment of an Office under the Public Prosecutor's office in Amman to manage the seized and confiscated funds and assets. However, the laws in force in the Kingdom remain insufficient in providing confiscation rulings in relation to funds that were intended to be used in terrorist acts or by terrorist organizations.

15. According to the above and since most shortcomings are addressed, the level of compliance of R.4 is "Largely Compliant".

Recommendation 6 - targeted financial sanctions related to terrorism & terrorist financing (PC)

16. As per the MER, there is absence of procedures and information supporting the designation that should be provided to another country to activate its freezing mechanisms, as well as the absence of clear instructions about the obligations of FIs and DNFBPs in taking the necessary measures under the freezing mechanisms, and obligations requiring FIs and DNFBPs to inform the Technical Committee about the transactions attempted to be carried out, and announced procedures to cancel the freezing of funds or assets of persons or entities bearing similar/matching name(s), and a mechanism to inform the authorities to lift the freeze on the funds immediately and without delay.
17. To address the shortcomings, the Council of Ministers (the "Cabinet") in the Hashemite Kingdom of Jordan issued Resolution No. 65/11/150310, which stipulated for the formation of a Technical Committee to implement Security Council Resolutions ("UNSCRs"). The Committee, in turn, issued Instructions No. (1) of 2021 on the Implementation of United Nations Security Council Resolutions related to Combating Terrorism and its Financing Whereby these Instructions took into account the requirements of Recommendation 6, both for the Sanctions Lists or the National Lists. These Instructions indicated that the Technical Committee may request other countries to designate on their national lists any person or entity if it has any reason to suspect that such person or entity meets any of the designation criteria specified under Article (9)¹ therein, whether this person or entity is listed on the national list or not. In this case, the Technical Committee must provide the largest possible identification information and other specific information that would support the designation proposal. All members of the Technical Committee and any called-for authority must provide all information, documents, and data available to authorities they represent to determine whether a person or entity meets the necessary designation criteria in the sanctions lists or the national list. It should be noted that the sanctions lists are the lists issued by any committee of the Security Council established pursuant to its resolutions. As for the national list, it is a list prepared by the Technical Committee in accordance with the provisions of Article 9 of Instructions 1 of 2021, the instructions for implementing Security Council resolutions related to terrorism and its financing and financing the proliferation of weapons of mass destruction, and includes persons and entities listed on the sanctions lists associated with the Kingdom, whether they are citizens or residents or have addresses in the Kingdom, or persons and entities believed to be present or operating in the Kingdom.
18. There is currently only one committee in the Kingdom specialized in implementing Security Council resolutions related to terrorism and its financing and financing the proliferation of weapons of mass destruction. The previous committees and the instructions regulating its work referred to in the MER have been terminated.

¹The designation criteria specified under this article were reviewed and found that they meet the designation criteria set out in UNSCR 1373.

19. Paragraph (c) of Article 9 of Instructions No. (1) of 2021 indicated that the Technical Committee takes an urgent decision within a period not exceeding 30 days (instead of 7 days as mentioned in Instructions 3/2018 that were revoked) about whether there are reasonable grounds to suspect or believe that the person or entity meets any of the criteria mentioned in Paragraph (B) of this Article and in light of this decision, the listing shall be made on the national list. This period is considered reasonable in view of the measures to be taken and allows for prompt decision-making.
20. According to Instructions No. (1) of 2021, the reporting entities, the competent authorities, all persons and any person or entity present on Jordanian territory, without prior notice, are required to freeze funds, other assets, and economic resources immediately and upon designation on the national list and any amendments thereto, and within a maximum of (8) hours from the publication of sanctions lists and any amendments thereto. The freezing obligation extends to all funds and other assets owned or controlled by the designated persons or entities and does not require that these funds or other assets be associated with a specific terrorist act, conspiracy or threat, and also includes funds and other assets owned by the designated persons or entities wholly or jointly with others, controlled, directly or indirectly, as well as funds and other assets generated or derived from funds or other assets owned or controlled directly or indirectly by designated persons or entities, and funds and other assets belonging to persons or entities acting on behalf of or at the direction of the designated persons or entities.
21. As per Instructions 1 of 2021 stated that, the reporting entities, the competent authorities, all persons and any person or entity present on Jordanian territory or any other entity shall be prohibited from making available funds, other assets and economic resources, or to provide financial services or other related services wholly or jointly; directly or indirectly to any listed person or entity or for the interest or benefit of either of them or for the benefit of persons and entities owned or controlled directly or indirectly by the listed persons and entities, or for the benefit of any person or entity acting on behalf of or at the direction of listed persons and entities unless an exception is made by the Technical Committee in accordance with the relevant UNSCRs. All the aforementioned entities that freeze funds and other assets must provide the Technical Committee within a period not exceeding (3) business days with all information related to the action taken, provided that the information includes the size, type, and other details of the funds or other assets that have been frozen in addition to any details and the actions taken in connection with an attempted transaction or business relationships. The term “without delay” in Article (2) of Instructions No. (1) of 2021 means immediately as soon as the decision to list or amend the national list is issued, and within 24 hours from the issuance of the decision to list or amend the sanctions lists. The Kingdom presented a paper clarifying the mechanism applied in this regard, along with an example illustrating this, from which it can be concluded that the targeted financial sanctions are applied without delay.
22. Also, under Article (4) of Instructions No. (1) of 2021, the authority that chairs the Technical Committee is required to publish any amendments that occur to the sanctions lists and the national list on the website of the Technical Committee immediately as soon as the amendment decision is issued regarding the national list and within 16 hours from the time of the amendment to the sanctions lists, including sending notifications to the reporting entities,

regulatory and supervisory authorities, and other competent authorities, in relation to the listing and de-listing from the lists and any amendments that occur to the sanctions lists and the national lists.

23. In accordance with Article 27 of Instructions No. 1 of 2021, Jordan issued guidelines that includes clear instructions on the obligations of the reporting entities, persons, other entities and the competent authorities who have in their possession targeted funds or other assets when measures were taken under the freezing or unfreezing mechanisms.
24. **Conclusion:** From the above analysis, it appears that Jordan has addressed all of the shortcomings mentioned in the MER regarding Recommendation 6.
25. According to the above and since all shortcomings are addressed, the level of compliance of R.6 is "Compliant".

Recommendation 7 (Targeted financial sanctions related to proliferation) (NC):

26. According to the MER, there are no procedures, instructions, or mechanisms for implementing TFS related to combating the financing of proliferation.
27. To address the shortcomings, the Presidency of the Council of Ministers issued a decision to form a technical committee to implement UNSCRs related to CT/CFT/CPF of weapons of mass destruction, in accordance with AML/CFT Law No. (20) of 2021 and Instructions No. (1) of 2021, the Kingdom of Jordan determined the mechanism used in implementing sanctions lists, through the Committee that chairs the Technical Committee that publishes the sanctions list and any amendments thereto on the website of the Technical Committee within 16 hours from the time of listing or amending lists. The reporting entities subject to the provisions of Article 22 of these instructions are required to register in the electronic application and on the website of the Technical Committee for the purpose of receiving notifications related to the listing of any person or entity on the sanctions lists or any amendments that may occur in this regard.
28. Also, according to the Law and the Instructions, the reporting entities and any other person or entity present on Jordanian territory are required to freeze the funds and economic resources of the designated persons or entities once listed, without delay or prior notification, within a maximum of 8 hours of publishing the sanctions lists and any amendments thereto. The freezing obligation shall extend to all funds, other assets and economic resources owned or controlled by the designated persons or entities without such funds or other assets being associated with any act, conspiracy or threat related to proliferation, as well as funds or other assets jointly owned or directly or indirectly controlled by others, as well as funds and other assets generated or derived from funds or other assets owned or controlled directly or indirectly by the designated persons or entities, as well as funds and other assets belonging to persons or entities acting on behalf of or at the direction of the designated persons or entities.
29. According to Law No. (20) of 2021, prohibiting any person from making available funds, assets, economic or financial resources, or providing financial services or other services completely or jointly, directly or indirectly, for the benefit of any of the designated persons

pursuant to the UNSC decisions in relation to the prohibition of proliferation or to those acting on their behalf or at their direction. The law also permits the imposition of sanctions against anyone who does not refrain from making funds or other assets available for the benefit of those designated or to those who act on their behalf or at their direction by imprisonment for a period not exceeding three years or a fine of no less than one hundred thousand dinars, or both of these sanctions. All the reporting entities that freeze funds and other assets must provide the Technical Committee within a period not exceeding (3) business days with all information related to the action taken, provided that the information includes the size, type, and other details of the funds or other assets that have been frozen in addition to any details and the actions taken in connection with an attempted transaction or business relationships. The Kingdom has issued guidelines to FIs and DNFBPs, according to which, the procedures and mechanisms for freezing have been identified.

30. Instructions No. (1) of 2021 require that the rights of bona fide third parties be taken into account when applying the provisions of these instructions, and the supervisory authorities must follow up on the compliance of the reporting entities to implement the provisions of these instructions through conducting an offsite and onsite inspections. Also, according to Law No. (20) of 2021 they were granted the powers to impose graduated penalties on reporting entities, according to the severity of risk, ranging from a written warning up to revoking or withdrawing the license.
31. Instructions No. (1) of 2021 allows any designated person or entity wishing to submit a request to remove their name from the sanctions lists by themselves or through their legal representative to go to the Focal Point directly (i.e. the authority established pursuant to Security Council Resolution No. 1730/2006). Any person or entity, believes that it has been subject to the provisions of the freeze because of bearing similar or matching names to the name of designated person on the sanctions lists, may submit a request to rectify the situation to the Technical Committee, where it must take a decision in that matter within 10 business days from the date of the petition, and the Technical Committee is required to inform the petitioner of the result of the petition within 3 days from the date of its decision, and clarifies the reasons in case of rejecting the petition request.
32. Instructions No. (1) of 2021 also allows the Technical Committee to approve a request to use the funds frozen under the sanctions lists to meet the necessary, basic, or exceptional expenses. The Technical Committee shall notify the relevant Sanctions Committee of this wish to approve the submitted application after being considered, however, in case of non rejection from the sanctions committee's side, or in case of not issuing a decision with rejection thereof within 5 business days from the date of being notified, the unfreezing of the funds is approved by the Technical Committee while notifying, in writing, the entity that implemented the freezing action of the decision and immediately to execute the decision. However. this entity shall inform the Technical Committee of the action taken in this regard, in preparation for the Technical Committee to notify the petitioner of the use of the frozen funds. Such notification shall be in writing of approval or refusal accompanied with the reasons thereof. The Kingdom also issued guidelines regarding the obligations of reporting entities, persons and other entities as well as competent authorities, whom have in their possession targeted funds or other assets, upon taking freezing or unfreezing measures as per the applicable mechanisms.

33. According to Instruction No. (1) of 2021, the reporting entities and any other person or entity are required to add the interest or other profits due on the frozen accounts, provided that these interests or other profits are frozen. The application of the freezing order does not prevent the addition of interests, profits, royalties, or any payments due under agreed contracts, agreements or obligations, to the frozen accounts, prior to the date on which such accounts were subject to the provisions of the relevant Security Council Resolutions, provided that the application of the freezing order under Security Council Resolution 1737 continued under Resolution 2231 does not prevent the designated person on the relevant sanctions list from receiving any payments due under a contract entered into prior to its designation thereon, all of which, after the Technical Committee considers the request submitted by the designated or its representative and verifies that the request meets the two conditions referred to in sub-criterion 7.5 (b) and notifies the Security Council in advance within two business days of its decision to request making the payments, or authorizing, if necessary, the unfreezing of funds for this purpose.
34. **Conclusion:** From the above analysis, it appears that Jordan has addressed all the shortcomings mentioned in the MER regarding Recommendation 7.
35. According to the above and since all shortcomings are addressed, the level of compliance of R.7 is "Compliant".

Recommendation 20 (Reporting of Suspicious Transactions) (PC)

36. According to the MER, the legal text and Instructions issued to FIs were limited to the obligation to report any transactions suspected of being linked to ML/TF, without the obligation, by virtue of the law, to report cases in which it is suspected that funds are resulted from criminal activity, as well as all suspicious transactions, including attempts to carry out transactions, regardless of the amount of the transaction.
37. To address the shortcomings, Jordan issued Law No. 20 of 2021 requiring FIs to report to the FIU immediately if it had reasonable grounds to suspect that the funds are the proceeds of predicate offense or TF, and to report to the FIU any transaction or activity or attempted transactions regardless of the amount of the transaction, if it had reasonable grounds to suspect that the funds are proceeds of predicate offense or TF.
38. **Conclusion:** From the above analysis, it appears that Jordan has addressed all the shortcomings mentioned in the MER regarding Recommendation 20.
39. According to the above and since all shortcomings are addressed, the level of compliance achieved is "Compliant".

Recommendation 21 (Tipping-off and confidentiality) (PC)

40. As stated in the MER, the law does not cover protection for FIs when any information is disclosed in good faith, in the event of suspicion, or if the underlying criminal activity is unknown, regardless of whether the criminal activity actually occurred, and the legal protection does not include financial institution's managers, officers, and employees, also, the law does

not indicate that provisions regarding tipping-off and confidentiality of reporting should not preclude information sharing at the group level.

41. To address the shortcomings, the Kingdom issued Law No. (20) of 2021, which provides for granting managers, officers and employees of FIs protection from criminal and civil liability in the event of a breach of any restrictions set forth on the disclosure of information imposed by legislative, regulatory or administrative texts in the event they report, in good faith, their suspicion to the FIU. The law also stipulates that FIs, their managers, employees and other staff are prohibited from disclosing their notification to the FIU or providing any information related to ML/TF or the associated predicate offence(s), with the exception of cases of disclosure to the concerned managers or compliance officers or FIs-FIs within the single financial group as well as the authorities that have legal powers, by virtue of law, to have access to such information.
42. **Conclusion** The above analysis shows that the Hashemite Kingdom of Jordan addressed most of the shortcomings identified in the MER, but there is no explicit legal requirement to provide protection even when it is not known precisely what the underlying criminal activity is, and regardless of whether criminal activity has actually occurred.
43. According to the above and since the remaining shortcomings are minor, the rating of compliance of R.21 is "Largely Compliant".

Recommendation 24 - (Transparency and BOs of Legal Persons) (PC)

44. According to the MER, the mechanism for obtaining and registering information related to the beneficial owner is not publicly available. Jordan has not conducted an assessment of the ML/TF risks associated with all types of legal persons established in the country. However, the NRA, partially, included the assessment of legal persons. No mechanism to ensure that corporate data is accurate and timely maintained, and no mechanism to track the quality of assistance received from other countries with requests for basic information and information relating to BOs, or requests for assistance in locating BOs abroad.
45. To address the shortcomings, the Kingdom issued Law No. (19) of 2021, which amended the Companies Law so that companies became required to keep an electronic record that includes data and information related to the BOs and give the authority to the controller to publish it to the public. Companies were also required to update their basic data and information, and to submit, upon any change to the data submitted when registering, the changes within thirty days of their occurrence. The Companies Controller has supervisory legal powers that entitles them to verify the companies' compliance with the provisions of the Companies Law, such powers include examining the company's accounts and records and ensuring the company's compliance with the objectives it was established for. According to the law, the threshold of penalties was increased so that the fine became no less than (JOD 2,000) two thousand dinars and not more than (JOD 20,000) twenty thousand dinars, or imprisonment for a period not exceeding one year, or both of these penalties. The Law also required the company's controller to cooperate with international counterparts and follow-up on the type of assistance received by the Kingdom from other countries with regards to the basic information of registered companies and the information of the BOs and determining the locations of those residing

abroad. On the other hand, the NRA report included resident and non-resident legal persons, whereby the residual money laundering and terrorist financing risks faced were assessed as “low”.

46. **Conclusion:** It appears from the above analysis that Jordan met most of the requirements under this recommendation after it made improvements to the companies law by requiring companies to keep a record that includes the information of the BOs and to disclose it to the Companies Controller and any change that occurs thereto, but the mechanism still lacks a clear explanation of the type of data, documents and information related to the BOs which shall be kept with and disclosed by registered companies. It is also not clear whether the mechanism guarantees that the information to be kept under C.24.3 and 24.4 is accurate, in addition to the fact that it was not clear through the NRA process the level of risks related to other legal persons except for resident and non-resident companies.
47. According to the above and since the remaining shortcomings are minor, the rating of compliance of R.24 is "Largely Compliant".

Recommendation 26 (Regulation and Supervision of Financial Institutions) (PC):

48. According to the MER, all supervisory authorities of the financial sector do not adopt a risk-based supervisory approach, based on threats and vulnerabilities of the internal systems of financial institutions which were examined as a result of previous offsite and onsite supervision inspections. Given the lack of complete data in the NRA, it cannot be confirmed that the supervisory authorities of banks and securities institutions take into account all the ML/TF risks in Jordan. As for the supervision of the remaining FIs, it has not been found that they take these risks into consideration, and there is insufficient information regarding whether the supervisory policy take into consideration the distinctive characteristics of financial and banking sector. Also, it was not inferred from the legislation in force that the regulatory and supervisory authorities of the financial and banking sector must periodically review their assessment of reporting entities' risk profile, including the risk of non-compliance, or where appropriate, major events or developments in their management and operations.
49. In order to address the shortcomings, the supervisory authorities adopted a supervisory method based on measuring the risks of the institutions subject to their supervision in order to target them on the basis of the risk-based approach on a number of main factors that differ from one supervisory authority to another. The method of the onsite inspection varies according to the data of the risks identified at the offsite level, so that the supervisory authorities can draw up a plan for the onsite inspection in the light of the data identified by the offsite supervisory guidelines. The inspection and offsite supervisory guidelines applicable to the supervisory authorities emphasized the importance of taking into consideration the NRA findings in their operational plans. This text came explicitly in the supervisory guidelines related to banks, insurance companies, microfinance, and brokerage companies.
50. On-site and off-site supervision guidelines prepared by the supervisory authorities of the financial sector includes specific factors, including the distinctive characteristics of institutions (such as their size and complexity) through the study of supplementary data, which includes institutional and financial factors (such as significant risks, structural factors and

financial factors). Whereas the onsite and offsite supervisory manuals tackled the size of banks and FIs. In determining the bank's risk profile, the Central Bank relies on a number of structural and financial factors, including any significant changes or events (mergers, acquisitions, change of ownership), while other regulatory authorities adopt guidelines for inspection, including the Ministry of Industry Trade and Supply, which adopts a guide for inspection that requires the assessment of risk structure of each of the companies on a regular basis or when there are major events and developments in the management, risks and tasks of the company, with the aim of assisting the onsite inspection teams to carry out their duties and activities in the best way. The Securities Commission also adopted a guideline concerning inspections that stipulated for the revision of ML/TF risk structure assessment of the institution or the financial group on a regular basis or when there are major developments or events in the management and operations of the institution or financial group.

51. **Conclusion:** Jordan has made clear improvements, including the adoption of the supervisory authorities of financial sector a risk-based supervisory approach to most of the licensees, based on the threats and vulnerabilities of the internal systems of financial institutions that were examined as a result of previous offsite and onsite supervision inspections. The internal supervisory) guidelines take into consideration the identified risks on the national level within its assessment of the institution's risks, adding to that, the institutional risk assessment for financial groups is still not clear within the supervisory guidelines.
52. According to the above and since the remaining shortcomings are minor, the rating of compliance of R.26 is "Largely Compliant".

Recommendation 32 (Cash couriers) (PC)

53. As per the MER, the threshold specified in the Jordanian law for the application of the written declaration system for travelers exceeds the threshold in the methodology, the absence of an obligation to declare funds upon departure from the Kingdom, in addition to the failure to include in the obligation - according to the legal text - some other aspects of transport such as transport through mail and cargo. Sanctions in the case of a false declaration are disproportionate and not dissuasive, the power to seize and cease cash related to predicate offenses is absent, in addition to what has been observed about the ruling of confiscation did not extend to include the Bearer Negotiable Instruments ("BNIs").
54. In order to address the shortcomings, the Hashemite Kingdom of Jordan issued Law No. (20) of 2021 requiring every person upon, their arrival or departure to/from the Kingdom to submit a declaration to the Customs Department of their possessions of cash or Bearer Negotiable Instruments ("BNIs") whose value exceeds the amount specified by the Committee according to the prepared form for this purpose. The declaration applies to physical cross-border transportation, including mail or cargo. The declaration system is applied in accordance with instructions issued by the Jordanian authorities if the value of cash and BNIs exceeds Ten Thousand (JOD 10,000) Jordanian dinars (about USD 14,000) or its equivalent in foreign currencies.
55. According to Law No. (20) of 2021, Jordan Customs was granted legal powers to request additional information from the funds holder(s) - upon arrival or departure - about the source

of the currencies and the purpose of their use. The Jordanian legislator decided to expand the penalties upon whoever submits false declaration, where the fine is currently not less than 10% of the value of undeclared cash or BNIs or for which a false declaration has been submitted, and the fine shall be doubled in the event of a repeated violation. The Kingdom has made an amendment to the composition of the National Committee for Anti-Money Laundering and Combating Financing of Terrorism, so that it includes in its membership; the Director General of the Customs Administration, in addition to representatives of most of the authorities concerned with AML/CFT, which would technically provide an appropriate framework to support national coordination. To further facilitate the circulation of information and support national coordination, Article 11 of the instructions for declaring cash and BNIs across borders of 2021 stipulates the appointment of a liaison officer from the customs at the FIU and an alternative thereto.

56. The Customs Department, under Law No. (20) of 2021, is required to seize cash and BNIs in cases suspected of being linked to ML/TF or associated predicate offenses, or in the event of a false declaration, or in the event that the person does not submit the declaration at all. The legislation in force in the Kingdom provides sufficient guarantees for the proper use of the information collected through the declaration system, and by reviewing the information provided, it is clear that the Kingdom does not impose any restrictions on the free movement of capital. While Article 23 of Law 20/2021 emphasized the obligation to submit a declaration upon entry as well as upon exit, and Article 24 of the same law required the Customs to seize cash and BNIs in 3 situations, including suspected money laundering, associated predicate offences, or terrorism financing.
57. Law No. (20) of 2021 allows the Customs to seize cash and BNIs. With regard to the possibility of confiscating cash and BNIs related to predicate offenses, it is noted that there is no clear and explicit statement in this regard and legal requirements related to the approval to continue seizure of cash and BNIs associated with the predicate offense until a court decision is issued, meets the requirements of sub-criterion 32.11 (b). The Customs allows the provision of information obtained through the declaration processes to the FIU through the principle of direct availability stipulated for under Article 23 of Law No. 20 of 2021 as well as Article 6 of the declaration instructions for cash and BNIs. of 2021.
58. The Immigration Department is part of the Public Security Directorate, and the latter is obligated to cooperate with the Customs under the Customs Law, which obligates all authorities, including the Public Security Directorate, to cooperate with the Customs
59. **Conclusion:** From the above analysis, it appears that Jordan has addressed all of the shortcomings mentioned in the MER regarding Recommendation 32.
60. According to the above and since all shortcomings are addressed, the level of compliance of R.32 is "Compliant".

Recommendation 33 (Statistics) (PC):

61. As per the MER, the mechanisms adopted at the national level to collect statistics related to all forms of international cooperation (outward and inward) and their outcome have not been inferred, and the obligation to keep these statistics is unclear.
62. To address the shortcomings, the Kingdom issued Law No. (20) of 2021 on AML/CFT, which includes general provisions related to the type of statistics under items (a) - (d) in Recommendation No. 33. While Article (6/a/9) of the aforementioned law indicates that the tasks of the National Committee includes to coordinate the collection of statistics at the national level.
63. **Conclusion:** It appears from the above analysis that Jordan addressed the shortcomings related to the obligation to maintain statistics as per R.33. However, the text came in general form and does not stipulate the nature and scope of statistics which are coordinated and collected by the National Committee.
64. According to the above and since the remaining shortcomings are minor, the compliance rating of R.33 is "Largely Compliant".

Recommendation 35 (sanctions) (PC)

65. According to the MER, the local legislation has established 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. 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.
66. To address the shortcomings, the Hashemite Kingdom of Jordan issued Law No. (20) of 2021, which granted all regulatory authorities, including the Ministry of Industry, Trade and Supply, the Telecommunications Regulatory Authority, the Companies Control Department, the Department of Land and Survey, and the Ministry of Interior, the power to impose a set of administrative sanctions as prescribed for under Article 34/a, including stopping (ceasing) some activities of the reporting entities, permanently or temporarily, and a fine not exceeding one hundred thousand dinars (JOD 100,000) in the event of non-referral to the court, as well as requesting the reporting entities to suspend or dismiss any of its administrators who are not members of the Board of Directors from work, suspend the license, and cancel the license or registration. Article 31/A of the law stipulates for criminal penalties, whereby a penalty of imprisonment not exceeding one year or a fine of not less than 2,000 dinars and not more than 20,000 dinars (equivalent to USD 28,000) or both penalties shall be imposed on anyone who violates the provisions of Articles 15, 16 and 17. With reference to these articles, it is clear that they covered the AML/CFT requirements related to preventive measures (Recommendations 9-23), excluding recommendation (15). And exclusively, Paragraph (B) of the same article

punished with imprisonment for a period of six months and a fine of no less than five thousand dinars, or with both penalties, whoever violates the requirements of recommendation (21). Paragraph (C) of the same article also punished with imprisonment for a period not exceeding three years or a fine of not less than ten thousand dinars and not less than two hundred thousand dinars, or both of these penalties, whoever violates the requirements of recommendation (20).

67. The text of Article (41/g) of the law directly punishes any violation of the requirements of recommendation (6) with imprisonment for a period not exceeding three years or a fine of no less than one hundred thousand dinars, or both. It can be noted that there is ability to impose penalties on the violating reporting entities by all the supervisory authorities, including the supervisory authorities over DNFBPs upon non-compliance with the AML/CFT requirements under Recommendations 6 and 9-23, excluding Recommendation 15. Article 36 of Law No. 20 states that every violation of any provision of this law, regulations, instructions, or decisions issued pursuant thereto, the perpetrator shall be punished with a fine of no less than one thousand dinars and not more than ten thousand dinars, and the fine shall be doubled in case of repetition. The text of Article 36 came in a general form, and it is concluded from the generality of the text that fines can be applied to any of the employees of the subject entities, including managers, officials and administrators, when violating the requirements of R.6, R.9 up to R.23. excluding R.15
68. According to the provisions of Instructions No. (1) of 2021 related to the implementation of Security Council resolutions related to terrorism and its financing and the financing of the proliferation of weapons of mass destruction, the supervisory authorities are required to take the measures set forth under Article 34/a referred to above in the event that they find a violation of the provisions of these instructions according to the seriousness of the violation committed.
69. **Conclusion:** It is clear from the above analysis that the Hashemite Kingdom of Jordan addressed most of the shortcomings related to this recommendation after the Jordanian legislator approved dissuasive and proportionate and administrative sanctions and penalties in relation to violating Security Council resolutions. However, the penalties imposed by the supervisory authorities of NPOs remain not dissuasive, nonetheless, it is clear that there is an ability to impose penalties on the violating reporting entities by all regulatory authorities, including the supervisory authorities of DNFBPs, upon non-compliance with the AML/CFT requirements stipulated in Recommendation 9 up to Recommendation 23, except recommendation 15. The review team considers that the scope of application of the penalties includes FIs and DNFBPs and their employees, including managers and officers, in the event of violating some provisions of the articles of the AML/CFT Law, regulations, instructions or decisions issued pursuant thereto, which largely cover most of the requirements under Recommendation 35.
70. According to the above and since the remaining shortcomings are moderate, the compliance rating of R.35 is "Largely Compliant".

Recommendation 37 (Mutual Legal Assistance) (PC)

71. According to the MER, 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

72. In order to address the shortcomings, the Kingdom issued Law No. (20) of 2021, according to which it was stipulated that international cooperation includes investigations, allegations, witnesses hearing, extradition of accused and convicted persons, as well as requests from non-Jordanian entities to track, freeze or seize funds subject to ML/TF or the associated offenses or the proceeds of any of them or any other procedures, in accordance with the rules determined by the laws in force in the Kingdom and the bilateral or multilateral agreements ratified by the Kingdom or in accordance with the principle of reciprocity, without prejudice to the rights of bona fide third parties.
73. The Kingdom has a guideline for legal assistance requests, which states that the order of priorities when implementing requests for cooperation is given to requests for judicial assistance related to ML/TF and corruption-related crimes. With regard to responding to requests in a timely manner, the guideline indicates that after studying the request, the Directorate of International Cooperation at the Ministry of Justice (in its capacity as the central authority for the execution of legal assistance requests) refers it to the competent judicial authority within a working day to take the required measures, and the execution deadlines are set through giving one day to the Attorney General to upload the request to an electronic system and refer it to the Public Prosecutor and request the latter to refer the request to the competent Public Prosecutor in charge of executing requests for judicial assistance within one day. The requests are treated as urgent, provided they do not exceed one month from the date of receiving the request, except in exceptional cases approved by the Public Prosecutor, which would achieve the desired speed in executing the requests.
74. Law No. (20) of 2021 stipulates that the principle of dual criminality shall not be considered as a condition for MLA if the MLA request is related to non-coercive procedures.
75. The Criminal Procedure Code and its amendments give the Public Prosecutor broad powers to collect evidence of the crime, and according to these powers, they have the right to address all official and unofficial authorities. As for the Law on Prevention of Terrorism in the Kingdom, it imposes control over the suspect's residence, movements and means of communication. In view of the procedures established by Law No. (20) of 2021, including identifying and tracing criminal proceeds, instrumentalities, and in direct application of the requirements of the provisions of the law, the special investigation methods mentioned in Recommendation 31 are covered by the procedures taken when executing international cooperation requests.
76. **Conclusion** It is evident from the above analysis that the Hashemite Kingdom of Jordan addressed most of the shortcomings identified in the MER regarding R.37. C.37.5 related to the privacy of MLA requests and the protection of the integrity of investigations or inquiries remains (Mostly Met) as the country did not provide any additional information to the subject matter, affecting the overall rating of this Recommendation.

77. According to the above and since most shortcomings are addressed, the compliance rating of R.37 is "Largely Compliant".

Recommendation 38 (Mutual Legal Assistance): Freezing and Confiscation) (PC)

78. According to the MER, it did not appear that the tracing, freezing, seizure and confiscation of property, instrumentalities and property of equivalent value which is intended for use in money laundering or predicate offenses 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.

79. To address the shortcomings, the Kingdom issued Law No. (20) of 2021, according to which it was stipulated that international cooperation includes requests from non-Jordanian entities to track, freeze or seize funds that are the subject of ML/TF and the associated predicate offenses, or the proceeds of any of them. The same orientation was also caught under the law which enabled the competent judicial authorities to order the execution of the requests of non-Jordanian competent authorities to seize and confiscate the proceeds of ML/TF and the associated predicate offenses, or the instrumentalities used or intended to be used. The guideline for requesting judicial assistance sets maximum deadlines for the competent public prosecutor to execute cooperation requests, provided that they do not exceed one month from the date of receiving the request.

80. As per Law No. 20 of 2021, an office for the management of seized and confiscated funds and assets pursuant to the provisions of this Law was established and affiliated with the General Prosecutor in Amman and shall be headed by a Public Prosecutor. The office mandate, powers, management, and other affairs shall be determined by a regulation issued for that purpose. The aforementioned law stipulates that the proceeds of the funds sentenced to be finally confiscated should be distributed in accordance with the agreements concluded between the relevant countries.

81. **Conclusion:** It is clear from the above analysis that the Hashemite Kingdom of Jordan addressed some of the shortcomings identified in the MER, after the investigation and prosecution competent authorities in the Kingdom were granted broad powers in order to exchange information in timely manner with counterparts for the purposes of investigations related to ML/TF and the associated offenses, including identifying and tracing the proceeds, instrumentalities used or intended to be used. However, it was not clear the existence of a legal framework that allows, on one hand, the identification, freezing, seizure or confiscation of property of equivalent value, and on the other hand, that would enable the provision of assistance for cooperation requests on the basis of confiscation procedures without reliance on conviction and related temporary measures, in addition to the absence of any text regulating mechanisms for coordinating seizure and confiscation procedures with other countries.

82. As per the analysis above, and since the materiality of the remaining shortcomings does not significantly affect the overall rating of R. 38, the compliance rating is "Largely Compliant"

Recommendation 40 (Other forms of international cooperation) (PC)

83. According to the MER, 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. 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.
84. To address the shortcomings, the Kingdom issued Law No. (20) of 2021 for AML/CFT, which includes special provisions that allow the FIU, supervisory authorities, and LEAs to exchange information on related predicate offences requested by foreign counterparts, and Article 12 of the law grants, in particular, the FIU, the power to exchange information spontaneously and upon request. In return, Articles (21/d) and (29/d) granted the supervisory authorities and LEAs the authority to exchange information related to money laundering, predicate offences and terrorist financing. However, these texts did not explicitly stipulate that the exchange of information takes place (spontaneously or upon request) and did not prevent any form of information exchange in a specific way. The law also grants the FIU and supervisory authorities the powers to sign MOUs. As for the Companies Law No. (19) amended in 2021, it gives the supervisory authorities the power to exchange information related to the BOs and the basic information of the legal person.
85. The Kingdom has introduced new texts that allow international cooperation for the purposes of AML/CFT and associated predicate offenses. The FIU, the Ministry of Justice and the Judicial Council have texts requiring that requests be arranged in order of priority and executed in a timely manner. The Guideline for Legal Assistance Requests does not contain reasons to reject a request for assistance, due to the presence of an investigation carried out by the Jordanian authorities. As for the possibility of exchanging information even if it turns out that there is a difference between the nature of the party requesting the information and the nature or status of the counterpart in Jordan, and despite the fact that the text relating to this matter came under Law No. (20) of 2021 in a general form, the Kingdom has provided some examples of the exchange of information between the Jordanian FIU and other FIUs of a different nature, from which it is concluded that the difference between the nature of the FIU and its foreign counterparts does not constitute an obstacle to the exchange of information. The country did

not provide information or evidence that there are clear procedures and mechanisms at the competent authorities, such as customs, the Central Bank of Jordan, and tax authorities, that would allow arranging requests in accordance with the requirements of the recommendation.

86. Despite the absence of an explicit text allowing the competent authorities to exchange available information on a local investigation with foreign counterparts and carry out investigations on their behalf, the text related to this, as per the law, came in a general form, allowing the AMLU and supervisory authorities to exchange information with counterparts without restriction or conditions, whereas the law allows LEAs to exchange information available thereto with counterparts. Thus, it is concluded from the text that LEAs can exchange information available to them, including information that can be obtained.
87. Law No. (20) of 2021 grants the FIU the power to exchange information spontaneously and upon request with its foreign counterparts in addition to exchanging information related to predicate offences related to ML. Whereby the FIU's guideline stipulates an obligation to submit comments and feedback to foreign counterparts in relation to the use of information provided, including the results of analysis carried out based on the said information, as requested by the counterpart and whenever possible. The law also gives power to all supervisory authorities to provide all relevant information related to AML/CFT and predicate offenses. Since the documents, information and records kept by the authorities are available to the supervisory authorities through the onsite and offsite inspections, therefore, the information held by FIs is available to the supervisory authorities, allowing them to exchange it with the counterparts, given the general form of the text of Article 21/d of the said law.
88. Law No. (20) of 2021 allows supervisory authorities to exchange information with counterparts, and memoranda of understanding specify the scope of information that can be exchanged for the purposes of control and supervision related to AML/CFT. By examining the MoUs concluded by the Kingdom, it becomes clear that the central Bank is capable of exchanging information related to AML/CFT purposes. Regarding the Securities Commission, Article 23 of the Securities Law refers to its authority to exchange regulatory information with the authorities entrusted with carrying out the same supervision work on the capital markets. It includes information about the licensees or their work to assist the counterpart in any investigation it conducts, and the authority may also conduct the investigation itself for this purpose. The text came in general form, and the state provided samples of MoUs regulating cooperation with counterparts and providing for the exchange of information in general. Law No. (20) of 2021 also grants the supervisory authorities the legal power to exchange information with counterparts without any restriction or condition on the type of information that can be exchanged or its source, and they must not exchange any information without obtaining the prior approval of the counterpart. With regard to negotiating and signing agreements or bilateral or multilateral arrangements, as well as what is related to the obligation to provide feedback to the competent authorities who are required to cooperate in a timely manner regarding the use and usefulness of the information obtained, Jordan did not provide any new material or information in this respect.
89. Article 29 (d) of Law No. (20) of 2021 also grants LEAs the power to exchange locally available information with their foreign counterparts for intelligence purposes or investigations related to ML/TF and the associated predicate offenses, including identifying and tracking

proceeds and instrumentalities. Article 29 (c) also grants the LEAs the power to form joint investigation teams (temporary or permanent) to conduct specialized investigations, including joint investigations with foreign counterparts.

90. There is nothing to prevent the competent authorities from exchanging information indirectly. For the purposes of supporting the analysis, the Kingdom clarified that the Central Bank of Jordan submitted in 2020, through the FIU, a request for information that was sent to a foreign FIU. At the time, the latter's attention was drawn to that the information shall be used for the Central Bank of Jordan's purposes while maintaining confidentiality of information.
91. **Conclusion:** It appears from the analysis above that Jordan has addressed most of the shortcomings specified in the MER after making progress in the field of international cooperation, including the introduction of legal texts that allow the concerned authorities to provide information to foreign counterparts through a general legal text that allows the parties to exchange information without imposing any restrictions related to the existence of an investigation, inquiries or procedure underway in Jordan. There remain shortcomings in terms of the lack of a basis for providing cooperation spontaneously and upon request (Except for FIU). With the exception of the FIU, the Ministry of Justice and the Judicial Council, the other competent authorities (such as the Customs, Central Bank and Tax authorities) do not have clear procedures or mechanisms for arranging requests in order of priority and implementing them in a timely manner. With regard to negotiating and signing agreements or bilateral or multilateral arrangements, Jordan did not provide any new material or information in this respect. However, the general texts for granting the powers of cooperation do not preclude negotiation and signing in a timely manner.
92. **Conclusion:** Jordan has created a legal framework that allows the concerned authorities to provide cooperation with foreign counterparts regarding the exchange of supervisory information related to combating money laundering and terrorist financing and associated offenses, in addition to the ability of the supervisory authorities to exchange information related to combating ML/TF. There is no text that enables the financial supervisory authorities (the Central Bank of Jordan and the Securities Commission) to delegate foreign counterparts or facilitate conducting inquiries themselves in the country.
93. According to the above and since the remaining shortcomings are minor, the compliance rating of R.40 is "Largely Compliant".

B- Amended recommendations after adoption of the MER²:

94. This section of the report reviews the analysis of the efforts made by the Hashemite Kingdom of Jordan to comply with the requirements of Recommendations "2" and "15", which were modified after the onsite visit.

². Recommendations 2 and 15 were amended after the onsite visit to assess AML/CFT system in Jordan.

Recommendation 2 (National Cooperation and Coordination) (LC)

95. According to the MER, 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 sectorial policies, in the absence of permanent technical committees. The absence of mechanisms for the implementation of policies at the operational level also hinders their effectiveness. The mechanisms for operational cooperation among competent national authorities are not well-defined, namely in the implementation of UNSCRs on the suppression of proliferation.
96. To address the shortcomings, the Kingdom issued Law No. 20 of 2021 which entrusted the National Committee in the Kingdom of Jordan with the tasks and powers to draw up the general policy for AML/CFT/Proliferation of WMDs, developing strategies and adopting the necessary plans for their implementation in light of ML/TF risks in the Kingdom and following-up with the authorities responsible for implementation thereof. In 2019, the committee had previously adopted the national AML/CFT strategy for 2019-2021. The National Strategy included (3) three Basic Principles and (10) ten Strategic Goals. The implementation priorities were defined in the National Strategy according to (3) three levels, each of the Strategy's Goals included several related Main and Subsidiary Activities, which included topics that intersect with the results of the NRA.
97. Under the aforementioned law, the National Committee was re-formed, so that it includes the competent authorities and LEAs. The tasks and powers of the committee include strengthening cooperation and coordination in the application of the necessary AML/CFT/CPF frameworks in the Kingdom, and coordinating the collection of information, data and statistics from all relevant authorities, as well as all authorities represented in the committee submitting a report on their measures in AML/CFT/CPF. On the operational level, the Kingdom submitted several decisions to form committees and work groups, in addition to the memoranda of understanding that were previously mentioned in the MER. The authorities in the Kingdom clarified the existence of a number of memoranda of understanding between the various local authorities and/or the FIU.
98. There is no personal data protection legislation in the Kingdom in a way that impedes cooperation and coordination between the concerned authorities to ensure that the requirements for AML/CFT comply with the rules for data protection and privacy and other similar provisions. Law No. (20) of 2021 requires the competent authorities to inform the FIU of a ML/TF suspicion and the associated predicate offenses and taking measures to exchange information and coordinate with the FIU regarding AML/CFT.
99. **Conclusion:** It is evident from the above analysis that the Kingdom of Jordan addressed most of the shortcomings mentioned in MER, after it developed, within the framework of cooperation and coordination at the national level, an AML/CFT national strategy for 2019-2021 in light of the findings of the NRA in 2019. The Kingdom also re-formed the National Committee to ensure a broader representation of the relevant authorities to enhance coordination and local cooperation, it also formed a Technical Committee for the implementation of UNSCRs related to terrorism, terrorist financing and the proliferation of weapons of mass destruction. The legislative framework in the Kingdom does not impede

cooperation and coordination between the concerned authorities to ensure compliance of the AML/CFT requirements with the rules of data protection and privacy and other similar provisions, but it was not found that there is an AML/CFT national strategy for the following years, nor was it found that there are legal powers that oblige to regularly review policies.

100. According to the above and since the remaining shortcomings are minor, the rating of compliance in R.2 is "Largely Compliant".

Recommendation 15 (New Technologies) (LC):

101. According to the MER, postal service providers are not required to identify and assess risks that may arise when creating or developing products. After analyzing the new information provided by the country, it became clear that C.15.1 and 15.2 were not affected by any issues that would modify the compliance rating of these two criteria, and with regard to the remaining criteria under this recommendation, there was not enough information available, except that it became clear that the Kingdom is heading towards banning dealing in VAs after taking a decision to ban dealing in VAs/VASPs to all licensees from the financial sector licensed by the Telecommunications Regulatory Authority.

102. **Conclusion:** It appears from the information submitted by the Kingdom that it did not conduct a comprehensive assessment of ML/TF risks arising from the activities of VAs and VASPs at the national level, and the RBA has not been implemented. The decision to ban dealing in VAs does not include natural persons and all legal persons, except for those that are subject to the supervision of some supervisory authorities. It was not clear what are the sanctions imposed by the laws against any natural or legal persons (excluding persons subject to some supervision and regulation of the supervisory authorities) that carry out VASPs activities without license. It was not clear whether the Central Bank, the Securities Commission or the TRA identify natural or legal persons (excluding subject persons) that carry out VASPs activities without license. The country has not provided any measures to meet the requirements of C.15.6 to 15.10, while national legislation related to international cooperation allows the competent authorities to provide international cooperation regarding VASPs.

103. According to the above, and since the shortcomings are moderate, the compliance rating of R.15 is "PC".

Conclusion:

104. The expert and the secretariat - after analyzing the information provided by Jordanian authorities, accompanied with a request to re-rate 16 recommendations, have concluded:

- Recommendations requested for Re-rating:

- Upgrade the compliance rating for (R.6, 20, 32) from "**Partially Compliant**" to "**Compliant**"
- Upgrade the compliance rating for R.1, 4, 21, 24, 26, 33, 35, 37 and 40) from "**Partially Compliant**" to "**Largely Compliant**".
- Upgrade the compliance rating for (R.7) from "**Non-Compliant**" to "**Compliant**"
- Upgrade the compliance rating for (R.38) from "**Non-Compliant**" to "**Largely Compliant**"

- Amended Recommendations after approving the MER / 1st EFUR:

- Recommendation (2) remains “**Largely Compliant**”
- Downgrade the compliance rating for (R.15) from “**Largely Compliant**” to “**Partially Compliant**”

105. Compliance ratings after re-rating can be summarized as follow:

Table (2): TC ratings as of May 2022

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

* There are four Possible ratings for Technical Compliance (Compliant (C), Largely Compliant (LC), Partially Compliant (PC), Non-Compliant(NC))

106. The Hashemite Kingdom of Jordan achieved “Compliant” in 8 Recommendations; “Largely Compliant” in 24 Recommendations; “Partially Compliant” in 4 Recommendations and “Non-Compliant” in 4 Recommendations. As a result of the analysis of the request to re-rate the Technical Compliance, and in accordance with MENAFATF's procedures in place, Jordan remains in the Enhanced Follow-Up process, provided that it submits the 3rd Enhanced Follow-Up Report to the 36th Plenary in April/May 2023.