

Instructions on Anti Money Laundering and Counter Terrorist Financing in Securities Activities

Issued Pursuant to the provisions of Article 12 Paragraph P of the Securities Law Number 76 for the Year 2002 and the provisions of Article 14 Paragraph A Section 4 of the Anti Money Laundering and Counter Terrorist Financing Law Number 46 For the Year 2007

Article 1

These instructions shall be entitled: “Instructions on Anti Money Laundering and Terrorist Financing in the Activities of the Securities Commission”, and they shall come into force as of the date of their publication in the Official Gazette.

Article 2

Scope:

The provisions of these Instructions shall apply to:

- A. Financial services companies licensed by the Commission, and its branches
 - B. The custodian unless it is subject to the supervision of another supervisory authority within the Kingdom.
 - C. Mutual investment companies and mutual investment funds registered with the Commission,
- all collectively referred to as “Subject Parties to the provisions of these Instructions”.

Article 3

- A. Words and expressions mentioned in these Instructions shall have the meaning ascribed to them in the Securities Law and the Anti Money Laundering and Counter Terrorist Financing Law in force, unless the context indicates otherwise.
- B. The following words and expressions, wherever mentioned in these Instructions shall have the meaning ascribed to them hereunder, unless the context indicates otherwise:

The Unit The Anti-Money Laundering and Counter Terrorist Financing Unit established in accordance with the provisions of the Anti Money Laundering and Counter Terrorist Financing Law in force.

Customer The Customer of the party subject to the provisions of these instructions, whether a natural or legal person.

Original Beneficiary The natural person for whose benefit the working relationship is conducted or on his behalf, or who has complete or effective control over a legal person or has the right to conduct legal action on its behalf.

Reporting Officer An upper management officer of Subject Parties, who is responsible for reporting to the Unit any transactions suspected to be linked to money laundering or terrorist financing.

Politically exposed Persons Persons who occupy or have occupied high public positions in a foreign country, such as heads of states or government or high-ranking government officials or prominent politicians, judges, military officers, prominent officials in political parties, or executive officers in state-owned enterprises; the above include as a minimum first degree relations of these persons and their partners.

Article 4

A. Subject Parties shall apply due diligence regarding Customers in the cases listed in Article 5 of these Instructions in accordance with the procedures defined in these Instructions. Said due diligence shall include:

1. Ascertaining and verifying the Customer's identity and activities.
2. Ascertaining the identity of the Original Beneficiary and taking appropriate measures to verify it.
3. Identifying the nature and objective of the working relationship.
4. If an agent of a Customer deals with Subject Parties, such parties shall take reasonable measures to acquire sufficient information to know the identity of this person.

B. If Subject Parties are unable to complete due diligence procedures with regard to the Customer, they should refrain from opening an account for the Customer or entering into a contract with him/ her. They shall also inform the Unit in accordance with these Instructions if there is any suspicion related to money laundering or terrorist financing.

Article 5

Subject Parties shall apply due diligence with respect to the Customer in the following cases:

- A. Before the transaction and while it is in progress.
- B. If there is suspicion of a transaction related to money laundering or terrorist financing irrespective of the value of the transaction.
- C. In case of doubt regarding the accuracy or adequacy of the data received in advance to know the identity of the Customer.

Article 6

Subject Parties to the provisions of these Instructions shall comply with the following:

- A. Conduct continuous follow-up on the relationship with the Customer and examine transactions conducted through this relationship in order to ensure that it complies with Subject Parties' knowledge of the Customer, Original Beneficiary, nature of their business and activities, and their assessment of the risk of money laundering or terrorist financing activities occurring from the relationship with him.

- B. Review and update Customers' data on a regular basis with respect to high-risk Customers or whenever they doubt the correctness or adequacy of the data received earlier.
- C. Exercise due diligence with regard to their existing Customers before the issuance of these Instructions on the basis of relative importance and risk, and exercise due diligence with respect to their relationship with such Customers at the following times:
 - 1. When carrying out transactions worth large sums of money on their accounts.
 - 2. Upon the realization that there is inadequate information on one of the Customers.
 - 3. When there is a discernible change in the administration of the accounts and the nature of transactions.
 - 4. When a material change takes place in the mechanism of documenting information related to the Customer.
- D. Record "in a special register" any sums paid by the Customer in cash that exceeds JD 10,000 or its equivalent in foreign currencies, or any recurrent payments or sums paid in installments that are less than JD 10,000 by a small amount.
- E. Not to deal with anonymous persons or persons with fictitious names, or with fictitious banks and companies.

Article 7

- A. Subject Parties shall review official documents to ascertain the identity of the Customer and the nature of his business, and they shall acquire copies of these documents properly signed by the competent employee to indicate an identical copy.
- B. Subject Parties shall take appropriate measures to verify the correctness of data and information received from the Customer by referring to independent and trustworthy sources. This includes contacting relevant entities that issued the official documents and referring to the website of the Companies Control Department.
- C. Procedures for verifying the identity of a natural person and his activities shall observe the following:
 - 1. Identification data shall include the Customer's full name, nationality, place and date of birth, national number for Jordanians and passport number for non-Jordanians, current and permanent addresses, purpose and nature of the relationship, and any other information deemed necessary.
 - 2. Subject Parties when dealing with persons of diminished or no capacity, shall acquire documents related to them and to their legal representatives as the case may be, in accordance with the provisions of section (1) above.
 - 3. If Subject Parties deal with an agent of the Customer, they shall obtain and keep notarized copies of the legal power of attorney and ascertain and verify the identity of the Customer and agent in accordance with the procedures for verifying the identity of the Customer stipulated in these Instructions.
- D. Procedures for identifying a legal person and his activities shall observe the following:

1. Identification data shall include the person's name, legal form, address of its head office, the type of activity it practices, its share capital, and the date and number of its registration with the authorities concerned, which includes the national number of the organization, its tax number, telephone numbers, the purpose and nature of the business relationship with it, names and addresses of its owners and their shares of the legal person, names of authorized signatories, and bylaws regulating the binding authority of the legal person or the legal arrangement thereof, so that Subject Parties are cognizant of the ownership structure and rules that regulate the powers to make binding decisions for the legal person, as well as any other information deemed necessary.
 2. The names and addresses of partners and shareholders whose shares exceed 10% of the company's share capital.
 3. To verify the existence of the legal person, its legal entity, and the names of its owners and authorized signatories through the necessary documents and the information contained therein, such as the memorandum of association, articles of association, and the certificates issued by the Ministry of Industry and Trade, the chambers of Industry and Trade, and the Companies Control Department. If the company is registered abroad, obtaining an official certificate issued by a competent authority is needed.
 4. To have documents that indicate the authorization by the legal person to the natural persons who represent it and the nature of their relationship with it. To verify their identity and activity in accordance with the procedures for identifying the Customer and his activity stipulated in C-1 of this Article, to verify that there is no legal reason that prevents dealing with them, and to have copies of their signatures.
- E. Procedures for identifying the Original Beneficiary shall observe the following:
1. Taking appropriate measures to verify the identity of the Original Beneficiary, such as reviewing data or information obtained from official documents to the extent that Subject Parties are convinced that they are cognizant of the Original Beneficiary's identity.
 2. Requesting the Customer to submit a written statement identifying the Original Beneficiary, such statement to contain at least identifying information of the Customers.
 3. Acquiring information regarding provisions regulating the activities of the legal person, including the ownership structure and controlling administration.

Article 8

Subject Parties shall put in place and implement the policies and procedures necessary to avoid risks related to the misuse of indirect dealing with the Customer that does not occur face to face, particularly where modern technology is used such as e-transactions or transactions that are paid for through electronic means.

Article 9

A. Subject Parties shall take special care to know the identity and activities of the Customer with regard to the following:

1. Large operations and operations that do not have a clear economic or legal objective. Special procedures shall be set to learn the conditions surrounding such operations and the purpose behind them. Results shall be recorded in the registry.
2. Operations that take place with persons who live in or who are citizens of countries that do not have adequate systems to counter money laundering or terrorist financing, or if these countries do not apply international controls related to anti money laundering or terrorist financing adequately, which include special recommendations issued by the Financial Action Task Force.
3. In case of suspicion of money laundering or terrorist financing, or if Subject Parties have doubts regarding the accuracy or adequacy of the data acquired to identify the Customers, or in any operation that Subject Parties deem to constitute a high risk of money laundering.
4. Transactions that do not take place face to face, or that are conducted through electronic means and tools.
5. Transactions that are conducted through non-resident Customers.
6. Dealing with politically exposed persons.

B. For the purpose of implementing the provisions of Paragraph A of this Article Subject Parties shall be committed to complying with the provisions of these Instructions when dealing with politically exposed persons as follows:

1. Drawing a risk management system that indicates whether the Customer or his representative or the Original Beneficiary fall within this category. The Board of Directors or Executive Board shall draw a policy for accepting Customers from this category that takes into consideration the classification of Customers by their degree of risk.
2. Receiving the approval of the General Manager or the authorized manager or their representatives when establishing a relationship with such persons. The authorization is also required upon discovering that a Customer or Original Beneficiary has become exposed to those risks.
3. Taking adequate measures to verify the sources of wealth of Customers and original beneficiaries of politically exposed persons.
4. Monitoring closely and continuously transactions conducted with politically exposed persons.

5. Requesting additional documents other than those requested in ordinary cases, or implementing additional procedures if deemed necessary.
- C. For the purpose of implementing the provisions of Paragraph A of this Article to items in sections 1-3, Subject Parties are authorized to implement any of the procedures in Paragraph B as deemed appropriate.

Article 10

- A. If Subject Parties rely on third parties for due diligence regarding the Customer, they shall immediately obtain the necessary information related to due diligence , and take adequate measures to verify that copies of personal ID cards and other important documents are available upon request, and that they are kept for the duration stipulated for in 13-1 of these Instructions.
- B. Notwithstanding the provisions of Paragraph A of this Article, the responsibility for verifying the Customer's data and for their correctness rests with Subject Parties.
- C. Subject Parties shall verify that persons mentioned in Paragraph A of this Article are subject to supervision and regulation in accordance with the provisions of the laws in force, particularly with regard to Anti money laundering and terrorist financing.

Article 11

- A. Subject Parties shall designate a Reporting Officer and provide the Commission and Unit with his name and whoever deputizes for him in his absence, and with the procedures approved by Subject Parties to implement the provisions of the Anti Money Laundering and Counter Terrorist Financing Law and these Instructions. The Reporting Officer shall meet the following requirements:
1. To be accredited.
 2. To possess the necessary experience and qualifications.
 3. To have full capacity, and to be of good behavior and conduct.
 4. Any other conditions approved by the Board.
- B. Subject Parties shall also designate someone to deputize for the Reporting Officer in case of his absence. The deputy shall meet the same qualifications as the Reporting Officer.
- C. Subject Parties shall enable the Reporting Officer to conduct his duties independently, in a manner that preserves the secrecy of the information that he receives and the procedures that he follows, and to give him access to the records and data that he needs in order to fulfill his duty.
- D. Reporting procedures:
1. The chairman and members of the board, the executive board, the general-manager, and all employees of Subject Parties shall comply with the provisions of these Instructions and inform the Reporting Officer of any transactions that are suspected to be connected with money laundering or terrorist financing.

2. The Reporting Officer shall comply with the provisions of the Anti Money Laundering and Counter Terrorist Financing Law , the bylaws, instructions, and decisions issued pursuant thereto. He shall inform the Unit immediately of any transaction that is suspected to be connected with money laundering or terrorist financing on a form approved by the Unit, with all data and documents related to that transactions and the reasons for suspicion attached thereto.
3. Subject Parties shall provide the Reporting Officer with the means to conduct his duties independently, in a manner that preserves the secrecy of the information that he receives and the procedures that he follows. They shall give him access to the records and data needed to conduct the examinations and to review the systems and procedures adopted by Subject Parties to combat money laundering and terrorist financing, to examine the degree of compliance with the implementation of these systems and procedures, and to propose any remedial action that may be necessary to redress any shortcomings or update or develop it to increase their efficiency and efficacy.
4. It is prohibited to disclose directly or indirectly any reporting procedures that are adopted regarding transactions suspected to be linked with money laundering or terrorist financing or any data related thereto.

Article 12

General rules

- A. It is prohibited to dispense any sums of money to Customers except through money orders or cheques issued to the first beneficiary only, to be handed directly to the Customer.
- B. If the cheque is handed to another party who is authorized to receive it by the Customer, Subject Parties shall document all the information related to the recipient's name, place of residence, place of work, national number if he is Jordanian, or a photocopy of his passport if he is non-Jordanian.

Article 13

The internal anti-money laundering and counter terrorist financing system:

Subject Parties shall adopt an appropriate system that includes the policies, procedures, and internal controls needed to counter money laundering and terrorist financing operations. Said system shall include the following:

1. A clear anti money laundering and counter terrorist financing policy approved by the board of directors or executive board as the case may be.
2. Detailed written anti money laundering and counter terrorist financing procedures that define precisely the duties and responsibilities in accordance with the approved policy and the instructions issued by the Jordan Securities Commission in this regard.
3. An appropriate mechanism to verify compliance with anti money laundering and counter terrorist financing instructions, policies, and procedures in force.

4. To assign an independent and qualified staff within the internal audit department equipped with adequate resources to test compliance with anti money laundering and counter terrorist financing procedures, policies, and internal cheques.
5. Training programs necessary for different levels of employees, and commitment to attend the training courses supervised by the Commission and/ or the Unit.

Article 14

Keeping records and documents

1. Subject Parties shall keep records, and documents related to their local or international transactions that include sufficient data to identify these transactions, including identification data related to Customers and Original Beneficiaries for at least five years after the conclusion of the transaction or ending dealing with the Customer as the case may be, and update these records regularly.
2. Subject Parties shall prepare special files of transactions suspected to be related to money laundering or terrorism financing containing photocopies of reports and documents of these transactions for a period of no less than five years after the date of the report or until the issuance of a final decision by the competent court, whichever is longer.
3. Information shall be updated regularly and continuously or whenever any doubt arises around them at any stage of dealing, and a comprehensive system for record keeping shall be put in place that can respond to the request of the Unit and the official authorities within the deadline.
4. Subject Parties shall keep the records and documents referred to in the sections of this article for longer periods than those stipulated for upon the request of the authorities concerned.
5. Subject Parties shall be committed to making all records and documents referred to in Section 1 of this article and the information related to the provisions of these Instructions available to the Unit and the official authorities upon the latter's request.

Article 15

- A. Subject Parties shall include in their contract with the auditor his commitment to ensure compliance with the provisions of the Law, these instructions, decisions issued pursuant thereto and the adequacy of related policies and procedures. He shall include the results of this in his report, and inform the Commission immediately should a violation of these instructions be discovered.
- B. Subject Parties shall provide the Commission with their annual report that includes the opinion of the auditor on the degree of compliance with the provisions of these instructions and decisions issued pursuant thereto, and the adequacy of related policies and procedures, attached to the yearly financial report.

Article 16

Notwithstanding the provisions of instructions issued pursuant to the Anti Money Laundering and Counter Terrorist Financing Law in force, persons or companies that exercise any of the activities that are subject to the supervision and licensing of the Commission shall comply with the obligations contained in related international rules that are in force as communicated by the Commission or the authorities concerned.

Article 17

It is prohibited for any person who gains access to information or who learns directly or indirectly by virtue of his position or post information that was submitted or exchanged in accordance with the provisions of the Anti Money Laundering and Counter Terrorist Financing Law in force , the bylaws and instructions issued pursuant thereto, including the present instructions, to disclose this information in any way.

Article 18

It any of Subject Parties violate the provisions of these instructions said party shall be liable to one or more of the penalties or procedures stipulated by the provisions of the Securities Law Number 76 for the year 2002 and/ or the Anti Money Laundering and Counter Terrorism Financing Law in force.

Article 19

Subject Parties shall acquaint its employees with the following:

1. The text of the Anti Money Laundering and Counter Terrorist Financing Law in force and the instructions issued pursuant thereto.
2. The guidelines for identifying patterns suspected to fall within money laundering and terrorist financing operations.
3. Reporting procedures of transactions suspected to be related to money laundering or terrorist financing.

Article 20

The Anti Money Laundering Instructions in the Activities of the Securities Commission for the year 2008 shall be annulled, and procedures conducted pursuant thereto shall remain in force for the purposes of the provisions of these instructions.

Article 21

The Chairman of the Jordan Securities Commission shall issue the decisions necessary to implement the provisions of these instructions.