

# Anti-Money Laundering and Counter Terrorist Financing in Jordan - An Overview of the Revised Framework

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## Introduction

The Jordanian Anti-Money Laundering and Counter Terrorist Financing Law No. (20) of 2021 ("**AML/CFT Law**") was enacted on 16 September in 2021 to repeal and replace its predecessor, the Anti-Money Laundering and Counter Terrorist Financing Law No. (46) of 2007 and its Amendments ("**Repealed AML/CFT Law**"). The AML/CFT Law introduces a revised, significantly more substantive framework on anti-money laundering ("**AML**") and countering terrorist financing ("**CFT**"). In particular, the legislative framework set forth under the AML/CFT Law realises a more robust, comprehensive oversight model, further accounting for the fortified regulatory safeguards being adopted on a global basis in relation to AML/CFT.

This Article aims to provide an overview of the AML/CFT Law with an emphasis on (i) the general regulations surrounding AML/CFT, and (ii) the general notification obligations applicable against entities falling under the AML/CFT Law's ambit.

## An Overview of the AML and CFT Regulatory Framework under the AML/CFT Law

Article 3 of the AML/CFT Law provides that the crime of money laundering shall be deemed committed by:

- any person who, with knowledge that the moneys in question are proceeds of criminal activities, notwithstanding whether or not such person committed such crime:
  1. transfers or transports such moneys to misrepresent or conceal their illegitimate source, or to aid any person who was a principal or accessory to the original crime;
  2. conceals or misrepresents the true nature, source, location, disposal mechanism, transaction record, property in, or any other rights attached to the moneys in question; or
- earns uses, manages, invests or possesses such moneys; or
- any person who:
  1. proceeds with committing any of the above crimes;
  2. aids, influences, facilitates or conceals such crimes; or
  3. acts as an accessory, is connected to, or conspires to commit such crimes.

If the moneys in question are deemed to be proceeds of a crime, then it is not a requirement that the person committing money laundering activities is convicted of the crime from which the proceeds are sourced. For such purposes, the proceeds of a crime include (i) any proceeds arising from committing criminal activity outside of Jordan, subject to such activity constituting a crime in Jordan and in the

jurisdiction wherein it was committed, or (ii) any proceeds arising from committing activity deemed criminal pursuant to any international treaties ratified by the Hashemite Kingdom of Jordan, subject to such crimes being punishable under Jordanian law.

Article 4 of the AML/CFT Law focuses on the financing of terrorism and provides that the crime of terrorist financing is deemed committed by any person who:

- directly or indirectly, willingly provides or collects funds, whether or not from a legitimate source, with the knowledge that such funds shall be fully or partially used to commit an act of terror by a terrorist or terrorist organisation;
- intentionally contributes to or aids in committing the crime of financing of terrorism with a group of other persons;
- finances the travel of persons to countries other than such persons' countries of residence or nationality, for purposes of committing, planning, preparing for, contributing to, facilitating, or providing or receiving training for the commitment of acts of terror;
- contributes to committing any financing of terrorism crimes as mentioned above, or directs other persons to do the same; or
- proceeds with committing any of the above crimes.

The crime of financing terrorism, as explained above, may be deemed committed notwithstanding whether or not (i) the act of terror is actually committed, (ii) the moneys in question are used to commit or attempt an act of terror, and (iii) the moneys in question or connected to a specific act of terror. It is additionally irrelevant where the act of terror is realised or was planned to be realised.

The AML/CFT Law provides a more comprehensive scope for what constitutes money laundering and financing of terrorism, allowing for a better, more inclusive understanding of the circumstances constituting said crimes, and therefore facilitating a wider application of the penalties under the AML/CFT Law to the respective crimes thereunder. This is largely the result of a more holistic understanding having been developed of how financial crime operates and can be committed, leading to the mechanisation of improved strategies to counter it.

## **Notification Obligations under the AML/CFT Law**

Firstly, it is important to note that Article 14 of the AML/CFT Law revises the classification of entities to which AML/CFT obligations apply, as contrasted against its predecessor, Article 13 of the Repealed AML/CFT Law. For example, Article 14 does not include persons or companies exercising any activities which are subject to the supervision of the Jordan Insurance Commission. This is in consideration of the insurance regulatory function having been transferred under the ambit of the Central Bank of Jordan. Additionally, the Repealed AML/CFT Law was applicable against any persons and/or entities exercising certain activities (*e.g: the sale and purchase of real estate, representation in company establishment or management, etc.*). The AML/CFT Law makes this scope more specific by limiting it to lawyers, legal practitioners, and legal accountants arranging and/or performing financial operations on behalf of other persons and/or entities in exercising generally the same set of activities. This increased specificity draws attention to the particularity of such activities to the entities specified under Article 14 in that respect.

Additionally, the Repealed AML/CFT Law prohibits disclosure of any reports submitted to the AML/CFT Unit ("**Unit**"), to any other persons whether directly, indirectly or by any other means. The AML/CFT Law makes a similar prohibition but adds an exception in cases of disclosure to the relevant executives, compliance officers, intergroup disclosures between financial institutions within a single group, and disclosures to parties legally authorised to access such reports. The introduction of this exception signifies a more considerate approach adopted towards reporting standards, allowing a reasonable relaxation of confidentiality for circumstances deemed commercially and/or legally necessary.

The AML/CFT Law also obligates authorities including, inter alia, the Central Bank of Jordan, the Jordanian Securities Commission, the Ministry of Industry, Trade and Supply, and the Telecommunications Regulatory Commission, to undertake a range of procedures the object of which is to capture financial crime and report it to the Unit. These include field and office inspections, communication with foreign authorities which supervise financial crime, and retention of reports and statistics on information gathered pursuant to the AML/CFT Law. These obligations facilitate increased scrutiny of financial activity and a stricter regulation of Jordanian entities to counter money laundering and terrorist financing more effectively.

## **Concluding Remarks:**

The AML/CFT Law does not completely reinvent the AML/CFT framework in Jordan, but adopts a constructive approach which in large builds on, improves, and makes more detailed the framework set under the Repealed AML/CFT Law. These developments are significant and allow for further scrutiny, monitoring, and capturing of money laundering and financing of terrorism activity which falls within the scope of the AML/CFT Law. Although the Repealed AML/CFT Law is no longer in force, the regulations and instructions issued pursuant thereto shall remain applicable until otherwise repealed or replaced for purposes of the AML/CFT Law.

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