

The Hashemite Kingdom of Jordan
Ministry of Interior

GUIDE MANUAL

**About the Commitment of Jewellery Shop Owners
and selling Jewellery, Precious Metals and
Gemstones Adherence to the Requirements of
Combating Money Laundering and Terrorist
Financing**

2022

Contents

CHAPTER ONE	
THE GENERAL FRAMEWORK OF THE GUIDE	
<i>First : Procedural definitions</i>	
<i>Second: Objectives of the Guide:</i>	
<i>Third: Scope of application of the guide:</i>	3
CHAPTER TWO	
THE EXTENT TO WHICH TRADERS OF PRECIOUS METALS AND GEMSTONES COMPLY WITH THE REQUIREMENTS OF COMBATING MONEY LAUNDERING AND TERRORIST FINANCING.	
<i>First: Requirements for precious metals and gemstones dealers to be subject to the requirements of combating money laundering and terrorist financing.</i>	
<i>Second: Procedures for detecting fragmented or connected transactions:</i>	
<i>Third: Indicators of operations suspected of being linked to money laundering or terrorist financing.</i>	
CHAPTER THREE	
MONEY LAUNDERING AND TERRORIST FINANCING OFFENSES	
<i>First: Aspects of committing the crime of money laundering.</i>	
<i>Second: Aspects of the crime of financing terrorism.</i>	
<i>Third: Penalties prescribed for the crime of money laundering.</i>	
<i>Fourth: The difference between money-laundering and terrorist financing crimes.</i>	
<i>Fifth: Money laundering stages:</i>	
CHAPTER FOUR	
RISK BASED APPROACH.....	
<i>First: What is a risk-based approach?</i>	
<i>Second: Precious metals and gemstones dealer assessment of money laundering and terrorist financing risks.</i>	
<i>Third: The risks identified in the national risk assessment.</i>	
<i>Fourth: Risk factors and their association:</i>	
CHAPTER FIVE	
THE METHODOLOGY ADOPTED BY THE DEALER OF PRECIOUS METALS AND GEMSTONES TO ADDRESS THE RISKS OF MONEY LAUNDERING AND TERRORIST FINANCING	
<i>First: The methodology adopted by the dealer of precious metals and gemstones to deal with and reduce the risks of money laundering and terrorist financing.</i>	
<i>Second: The behaviour mechanism of precious metals and gemstones dealer in the results of his assessment of money laundering and terrorist financing risks.</i>	
<i>Third: the dealer of precious metals and gemstones should establish an anti-money laundering and terrorist financing program.</i>	
<i>Fourth: Obligations required of employees, officials and workers of dealers of precious metals and Gemstones:</i>	
CHAPTER SIX	
DUE DILIGENCE AND IDENTIFICATION OF THE BENEFICIAL OWNER.	
<i>First: - Due diligence measures taken by dealers of precious metals and gemstones.</i>	

Second: - Politically Exposed Persons.....
Third: - Records, data and documents at the dealer of precious metals and gemstones.

CHAPTER SEVEN

SUSPICIOUS TRANSACTIONS

First: - Reporting suspicious transactions.
Second: How to identify suspicious transactions.
Third: The decision taken regarding suspicious transactions and non-suspicious transactions.
Fourth: Actions taken by the reporting entities.
Fifth: Non-compliance and disclosure of confidentiality.

CHAPTER EIGHT.....

INDICATIONS OF SUSPICIOUS TRANSACTIONS

First: General indicators to identify suspicious transactions that are applied to all reporting entities.
Second: Indicators related to reporting or record keeping requirements.
Third: Indicators related to personal documents.
Fourth: Indicators specific to dealers of precious metals and gemstones.
Fifth: Activity of the original crime (methods of gold mining).

Chapter One

The general framework of the guide

First: Procedural definitions.

Second: - Objectives of the guide.

Third: The Scope of application of the guide

Chapter One

The general framework of the guide

The precious metals and gemstones sector is considered one of the low-risk sectors in the field of money laundering and terrorist financing as identified in Jordan's national assessment of the risks of money-laundering, terrorist financing in the Hashemite Kingdom of Jordan for the year 2019.

Precious metals such as gold, silver, platinum or gemstones such as pearls, diamonds and jewels, are considered of high material value and can be available in relatively small sizes, facilitates their transportation and purchase in many countries.

These commodities can be used for exchange and trade by anyone seeking to transfer money across borders as well. Precious metals and stones, especially gold, are considered an alternative way for criminals to store or transfer their assets across borders and illegally bring the proceeds into the financial system. Gold retains its value regardless of its form, whether it is in the form of bars or gold artifacts, not to mention that it can be liquefied, melted and changed in shape, and its value remains preserved over time. Gold is used in money laundering operations, whether it was obtained illegally (such as theft or smuggling) or is itself the proceeds of a crime therefore is considered illegal money. Alternatively, it is used as a mean of money laundering in the event of transferring the proceeds of illegal funds to precious metals and precious stones or gold to hide its original source.

It should be noted that several characteristics of precious metals and stones trade make them more vulnerable to exploitation by criminals, the most important of which are the nature and size of the gold market, which depends on the extensive use of fund as a means of trade. As well as the difficulty of determining the source of the gold's ownership and tracking its transactions.

In addition, it also facilitates trading in gemstones, especially diamonds, around the world with little difficulty. Diamond are easily concealed and transported for it's small size and high value, making them one of the most threatening gems to be used as a means of money-laundering.

Also, diamonds can be used as a means of financing terrorist acts and groups. Therefore, gold is seen as one of the most traded precious metals in the Hashemite Kingdom of Jordan compared to other metals or precious stones.

First : Procedural definitions

1. Ornaments: tools and objects that are used for decoration.
2. Jewelry: ornaments made from precious metals, precious metal alloys and/or precious stones.
3. Precious metals (valuable): platinum, gold, silver, palladium.
4. Gemstones: Natural stones extracted from the ground's subsoil as diamonds, emeralds, rubies and natural pearls.

Second: Objectives of the Guide:

This Guide was prepared by the Ministry of Interior to clarify and simplify the obligations of precious metals and stones dealers in combating money laundering and the financing of terrorism under the Anti-Money Laundering and Terrorist Financing Act No. 20 of 2021 on combating money laundering and the financing of terrorism, including requirements to report any transaction suspected of being linked to money laundering or terrorist financing. This Guide reflects the provisions of the Anti-Money Laundering and Terrorist Financing Law No. 20 of 2021, the regulations, instructions and decisions issued based on it.

This guide also helps precious metals and stones dealers meet the reporting requirements of any transaction suspected to be related to money laundering and terrorist financing activities in accordance with Law No. (20) of 2021 and to submit high-quality reports to the Anti-Money Laundering and Terrorist Financing Unit, given its central role in combating money laundering and the financing of terrorism

The Ministry of Interior's Anti-Money Laundering and Terrorist Financing department that was established pursuant to the Minister of Interior's decision No. 1/18/D/196253 dated 2/8/2018 oversees the compliance of dealers of precious metals and stones with the anti-money laundering and terrorist financing requirements as described in this Guide. It also oversees the application of financial and administrative sanctions against those found to be in violation of the Law and the instructions issued thereunder and any relevant decisions or

directives and to report the Anti-Money Laundering and Terrorist Financing Unit of the procedures taken in this regard.

Third: Scope of application of the guide:

To whom does this guide apply?

Law No. (20) of 2021 (the Anti-Money Laundering and Terrorist Financing Law), in line with the recommendations of the Financial Action Task Force (FATF), classifies dealers of precious metals and stones as designated non-financial businesses and professions. This guide applies to every dealer licensed to engage in an activity related to precious metal and stones, including:

- 1- Producing gold bars of various caliber or silver bars by extracting gold, gold coins, various gold products, or jewelry made of gold.
- 2- Trade in jewelry and precious metals, processed (designed) and unprocessed (not designed), gold, diamonds, precious stones and pearls.
- 3- Manufacture of gold, silver, and precious jewelry, traditional jewelry, and other related items.
- 4- Designing ornaments, jewellery, precious metals and stones.
- 5- Repairing and modification of jewelry and ornaments.

Precious metals include gold, silver and platinum, whether in the form of processed items (fully manufactured), semi-processed (not fully manufactured - unfinished), coin or alloys (intended for unprocessed gold, silver or platinum pieces).

High value gemstones include diamonds , natural or cultivated pearls and natural and industrial gemstones.

The provisions of this Guide apply to traders of precious metals and stones active in the Hashemite Kingdom of Jordan, whether in the framework of individual enterprises or commercial companies (Partnership, limited partnership) and to all their subsidiaries and affiliates whether they are contribution in full or by a majority of capital ,in the country or abroad, if any.

Chapter Two

The extent to which dealers precious metals and gemstones comply with the requirements of combating money laundering and terrorist financing.

First: Requirements for dealers of precious metals and gemstones to be subject to the requirements of combating money laundering and terrorist financing.

Second: Procedures for detecting fragmented or connected transactions?

Third: Indicators of operations suspected of being linked to money laundering or terrorist financing.

Chapter Two

The extent to which traders of precious metals and gemstones comply with the requirements of combating money laundering and terrorist financing.

First: Requirements for precious metals and gemstones dealers to be subject to the requirements of combating money laundering and terrorist financing.

Dealers of precious metals and stones are subject to adherence to anti-money laundering and terrorist financing requirements with their customers when concluding cash transactions equal to or greater than JD 10,000 or its equivalent in other currencies. The cash transaction can take the form of a single transaction, or multiple transactions in a manner that shows their association with each other.

However, if dealers of precious metals and gemstones conclude cash transactions equal to or greater than (10,000) Jordanian dinars or its equivalent in other currencies with their customers, whether on an ongoing basis or in rare cases, they are required to abide by the minimum requirements set forth in this guide. The requirements are represented in setting up a permanent program to combat money laundering and terrorist financing, including recruiting a compliance officer and deputy (reporting officers) and providing training for employees and conducting a risk self-assessment.

In practice there are minimum requirements that cannot be chosen (applied) or (not applied) according to the monetary value of the transaction. For example, even if the dealer has not entered into monetary transactions for a month equal to or greater than the specified limit for transactions that place him under anti-money laundering requirements, he should in any case have a program to combat money laundering and terrorist financing, a compliance officer, provide training for employees and conduct a risk assessment process. Especially since the dealer of precious metals or gemstones can at all times conduct a transaction beyond

the limit prescribed by law and is obliged to apply due diligence measures and keep records as well as for cash transactions beyond that limit.

Second: Procedures for detecting fragmented or connected transactions:

The perpetrators of criminal activities know that cash transactions equal to or greater than JD 10,000 are subject to control. Therefore, they may seek to conduct many small operations from the purchase or sale of gold or precious metals, which is known as retail, in order to avoid review procedures ,for example:

1. A customer who strives not to exceed JD 10,000 by making minor changes to the purchase process.
2. A customer who intends to buy a commodity and soon changes his mind when he knows the price of the commodity or when the seller begins asking necessary questions.
3. A customer who intends to buy a commodity, and then purchases a completely different thing that does not exceed the specified limit.
4. The same customer who visits the store every two days for a week, and performs a purchase or sale transaction whose value exceeds (10,000) thousand dinars.
5. A number of different customers who make purchases that does not exceed a specified limit, and are delivered to the same place of residence, or the same person who comes to the store to receive a number of goods purchased by other people.

Third: Indicators of operations suspected of being linked to money laundering or terrorist financing.

There are many indicators that indicate the existence of operations suspected of being linked to money laundering or terrorist financing, including:

1. The customer's purchase of jewellery, precious metals and gemstones whose high value does not correspond to what is expected of the customer (after learning about his profession or the nature of his work) or in comparison with the volume of previous operations, and the suspicion that these operations were completed for the account of other persons.
2. Attempting to recover the value of recent purchases without satisfactory explanation, or when the customer is trying to sell what he recently bought at a price that is much lower than the purchase price.
3. The customer pays a large deposit (half the price of the item) to the buyer in cash and then refuses to complete the purchase and obtains the value of the deposit through a check.
4. The customer pays the value of the deposit needed to purchase precious metals and gemstones by virtue of a check issued by a third person with whom he has no clear relationship or one that is not from his origins or branches.
5. The customer is not giving any importance to the shape of the ornaments, jewellery, precious metals or gemstones and is not examining them and verifying their specifications, weight and value before completing the purchase process.
6. Using banknotes of unusual categories in buying and selling jewellery, precious metals or gemstones .
7. Attempting to sell high-value jewellery, metals and gemstones at values much lower than their actual or market value.
8. The customer's willingness to pay any price to obtain precious metals and expensive gemstones without trying to reduce or negotiate the price.
9. The customer records invoices for the purchase of jewellery, precious metals or gemstones in the name of another person to hide his ownership of them. This person may be relatives, friends or business partners.
10. The customer sells ornaments, jewellery, precious metals or gemstones for less than their real value, provided that an agreement is reached with the seller to pay the difference in value outside the business.

Chapter Three

Money laundering and terrorist financing offenses

First: Aspects of committing the crime of money laundering.

Second: Aspects of the crime of financing terrorism.

Third: Penalties Prescribed for the crime of money laundering.

Fourth: The difference between money-laundering and terrorist financing crimes.

Fifth: Money laundering stages.

Chapter Three

Money laundering and terrorist financing offenses

First: Aspects of committing the crime of money laundering.

Article (3) of the Anti-Money Laundering and Terrorist Financing Law No. (20) of 2021 states the following:

- a. “ A person is deemed to have committed a money laundering offence in the following cases:
 1. When he knows that the funds are proceeds of a predicate offence, whether he perpetrated the predicate offence or not, if he intentionally commit any of the following acts:
 - a. Convert or transfer such funds for the purpose of concealing or disguising their illicit origin, or for the purpose of helping any person involved in the commission of the predicate offence or that contributed to its commission,
 - b. Conceal or disguise the true nature, source, location, disposition, movement or ownership of funds, or any rights with respect to such funds, or
 - c. Acquire, use, manage, invest, or possess such funds.
 2. Any person who attempts to commit any of the acts in subparagraph (1) of this paragraph, or aids, abets, facilitates or hides the commission of such an offence, or abets, acts as an accomplice, or associates with, or conspires to attempt such an offence.
 - b. When proven that the funds are proceeds of a crime, it shall not be stipulated to convict the person committing the predicate offence.
 - c. For the purposes of this law, proceeds of crime include the following:
 1. Any proceeds resulting from the commission of a criminal act committed outside the Kingdom, provided that such act

constitutes an offence in the Kingdom and in the state where it occurred.

2. Any proceeds of any act that is considered to be an offence according to international agreements ratified by the Kingdom, provided that such act is punishable by the Jordanian Law. “

Second: Aspects of the crime of financing terrorism.

Article (4) of the Anti-Money Laundering and Terrorist Financing Law No. (20) of 2021 states the following:

- a. A person is deemed to have committed a terrorist financing offence in the following cases:
 1. When he, by any means, directly or indirectly, willfully provides or collects funds, whether from a legitimate or illegitimate source, with the knowledge that they are to be used, in full or in part to carry out a terrorist act, or by a terrorist, or terrorist organization.
 2. When he intentionally contributes to the commission of a terrorist financing offence with a group of persons or supports them to commit such offence.
 3. When he finances the travel of individuals to a State other than their State of residence or nationality for the purpose of the perpetration, planning, preparation of, participation in committing or facilitation of committing terrorist acts or providing or receiving of terrorist training.
 4. When he participates in committing any of the terrorist financing offences set out in this paragraph, or organize or direct others to commit such offence.
 5. When he attempts to commit any of the offences set out in this paragraph.
- b. An offence of terrorist financing as set out under paragraph (a) of this Article shall be deemed to have been committed even if the terrorist act does not occur or is not attempted, whether or not the funds were actually used to commit or attempt to commit the terrorist act, whether or not these funds were linked to a specific terrorist act, and regardless of the location in which the terrorist act occurred, or was intended to occur.

Third: Penalties prescribed for the crime of money laundering.

As stipulated in the Anti-Money Laundering and Terrorist Financing Law No. (20) of 2021 regarding the penalties prescribed for the crime of money laundering or terrorist financing in the following articles:

Article (30):

- a. Without prejudice to any more severe penalty stipulated in any other law, any person who commits, or attempts, or abides, or participates, or instigate, or conspires to commit a money laundering or terrorist financing offence as set out in this law, shall be punished by temporary imprisonment with hard labor and with a fine of no less than the proceeds of the crime, along with confiscation of the proceeds of the crime, revenues and interests thereof, and any instrumentalities or tools used or intended to be used in committing the offence, while taking the rights of bona fide third party into account.
- b. It shall be decided in all cases to confiscate proceeds in kind or funds of equivalent value, if it is not possible to restrain or confiscate such proceeds, or in case it was disposed of by bona fide third parties.
- c. If the proceeds are mixed with other funds earned from legitimate sources, such funds shall be subject to confiscation as stated in paragraph (b) of this Article within the limits of the estimated value of the proceeds, fruits and interests thereof.

Article (31):

- a. Any person that violates the provisions of Article (10) and articles (15) to (17) and sub- paragraph (5) of paragraph (a) of Article (26) of this law, shall be punished by imprisonment for a period not exceeding 1 year

or a fine of no less than two thousand Dinars and no more than 20 thousands Dinars or both penalties.

- b. Any person that violates the provisions of paragraphs (b) and (c) of Article (13) and Article (19) of this law, shall be punished by imprisonment for a period of no less than six months, and a fine of no less than five thousand Dinars and no more than ten thousand Dinars or both penalties.
- c. Any person that violates the provisions of Article (18) of this law shall be punished by imprisonment for a period not exceeding three years, or with a fine of no less than ten thousand Dinars and no more than two hundred thousand Dinars or by both penalties.
- d. A fine of no less than ten percent of the value of the cash or bearer negotiable instruments shall be imposed against any person that fails to declare, falsely declares information regarding such, in violation of Paragraph (a) of Article (23) of this law. The fine shall be doubled in the event of recurrence of the offence.

Article (32):

- a. Without prejudice to any more severe penalty stipulated in any other law, and in the cases where the money laundering or terrorist financing offence is committed by a legal person through any of the persons responsible for its actual management or by those authorized to exercise powers in it, , when conducting any actions on behalf of the legal person or using any of its means, and without prejudice to the liability of offenders who are natural persons, the legal person shall be responsible for such offences and a fine of no less than double the value of the funds of the offence and no more than five hundred thousand Dinars shall be imposed on the legal person, in addition to confiscation of the proceeds of crime, revenues and interests thereto, and any instrumentalities or tools used or intended to be used in the commission of the offence. The legal person shall be liable for executing the sanction, and the fine shall be doubled in the event of recurrence.
- b. Notwithstanding the provisions of the Banks Law and other legislation, the court may decide to cease the operations of the legal person, wholly

or partially, for a period not less than a month and no more than a year if it commits any of the offences set out in this law. In cases of recurrence of the violation, the court may decide to cancel the registration or license of the legal person, or to liquidate such, and in all cases, the court shall order to publish the conviction decision in two local widespread daily newspapers with the legal person paying for such.

- c. Any person among those mentioned under paragraph (a) found to be personally responsible for committing any of the offences set out in this law, shall be prevented from participating or contributing in the capital of any legal person or be a part of the management thereof.

Article (33):

- a. 1. If any person involved in a money laundering or terrorist financing offence informs the competent authorities of the crime, before their knowledge of such, he shall be exempted from the punishment stipulated in this law if this contributes to the arrest of other involved persons, the seizure of the proceeds of crime, the prevention of the terrorist act, or the mitigation of the consequences of the act.
2. The Competent Court may consider exempting such person from the punishment referred to in sub-paragraph (1) of this paragraph, in case they reported the offence after the knowledge of competent authorities of such offence, if their reporting leads to the arrest of persons involved in the offence, the seizure of proceeds, the prevention of the terrorist act, or the mitigation of the consequences of the act.
- b. The exemption stipulated in paragraphs (a) of this Article, does not preclude confiscation of proceeds, revenues and interests thereof, or instrumentalities and tools.

Article (34):

- a. Without prejudice to the provisions of any other legislation, regulatory and supervisory entities may take one or more measure, or impose any of the penalties mentioned below, in case it has established a violation of articles (10), (15-17), sub-paragraph (5) of paragraph (a) of Article (26), and Article (41) of this Law, depending on the severity of the violation:

1. Address a written warning.
 2. Instruct the reporting entity to submit a satisfactory program of measures to be taken thereby to eliminate the violation and rectify the situation.
 3. Cease certain activities of the reporting entity temporarily or permanently.
 4. Impose a fine not exceeding one hundred thousand Dinars, in case of un- referral to the court.
 5. Instruct the reporting entity to temporarily suspend from service any administrator, other than a member of its board of directors, or to dismiss such,
 6. Suspend the license of the reporting entity,
 7. Revoke the license or registration of the reporting entity.
- b. Any interested party may appeal any of the measures or sanctions imposed pursuant to paragraph (a) of this Article to the competent court.

Fourth: The difference between money-laundering and terrorist financing crimes.

There are differences between the two crimes of money laundering and terrorist financing, as shown in the following table:

The crime of money laundering	The crime of financing terrorism
A crime independent of the predicate offense	A predicate offense of money laundering
A crime later in time to the Predicate crime	A crime that often precedes the terrorist crime in time
The money laundered is the proceeds of the predicate crime	Funds used to finance terrorism may be from legitimate sources (such as donations, etc.) or illegal (such as the proceeds of drug-trafficking crimes, etc.)

Fifth: Money laundering stages:

Many crimes such as drug and arms trafficking, corruption and bribery result in huge profits for their perpetrators, which leads them to hide or disguise their illegal source with the intention of benefiting from them through money laundering of crime proceeds. Money laundering takes place in three successive stages, including:

1. Placement:

During this stage, the funds derived from a crime or an illegal act are recruited, invested, or brought into the financial system.

A money launderer can also use the proceeds of crime to buy real estate or things of transferable value such as gold, precious metals and precious stones, directly and in large amounts, or by splitting purchases in a way that does not arouse suspicion in the buyer, especially when his financial transactions do not correspond to what is expected from similar clients. It should be noted that the proceeds of crime are not cash in all cases, as they may include the profits, interests, royalties, or any other result generated by these funds, whether they remain the same or have been transferred in whole or in part to other property or investment returns.

2. Layering:

During this stage, the relationship of funds with their illegal sources is hidden and/or camouflaged through a complex series of financial and non-financial operations.

The second stage of money laundering begins after the illegal money enters the channels of the legitimate financial system. After depositing or employing the proceeds of crime, the money launderer conceals or conceal its illegal source through the completion of a complex series of operations and transfers that prevent the detection of its source. Such as services, fictitious contracts, forged invoices and front companies, or the purchase and sale of gold, precious metals and gemstones in an unjustified manner, with the aim of making tracing the source of that illicit money difficult.

3. Integration:

During this stage, the laundered money is integrated into the economy so that it becomes difficult to distinguish between it and money from legitimate sources.

At this stage, the money launderer legitimizes the source of funds by integrating the proceeds of crime that he laundered into legitimate economic activities, which would give them the appearance of legitimate money. Once the proceeds of crime have been successfully incorporated, the money can easily appear to be the proceeds of legitimate business transactions or proceeds from the sale of precious metals, gemstones and other legitimately obtained valuables, making it difficult and even impossible to identify the funds as the proceeds of crime.

Chapter Four

Risk Based Approach

First: What is a risk-based approach?

Second: Precious metals and gemstones dealer assessment of money laundering and terrorist financing risks.

Third: The risks identified in the national risk assessment.

Fourth: Risk factors and their association:

Risk factors associated with countries and geographic regions.

Risk factors related to the customer base.

Risk factors associated with the products, services, operations and professional practices it provides or develops.

Chapter Four

Risk Based Approach

First: What is a risk-based approach?

The risk-based approach is the set of measures and procedures aimed at identifying, assessing, understanding and reducing the risks of money laundering and terrorist financing in order to allocate resources and direct them towards priority areas in order to achieve efficiency and effectiveness by focusing on high-risk activities, clients or transactions.

Second: Precious metals and gemstones dealer assessment of money laundering and terrorist financing risks.

A dealer of precious metals or gemstones must comply with AML/CFT requirements:

- 1- Conducting a self assessment of the risks associated with its business.
The risk assessment aims to identify, assess and understand the risks of money laundering and terrorist financing in line with the nature and size of its business, especially since businesses with a high risks require a comprehensive and in-depth assessment of risks.
- 2- A trader of precious metals or gemstones, when conducting a self assessment of the risks associated with his business, must take into account the following factors:
 - A. Size of the business: Is the precious metal or gemstone dealer personally active? In the framework of an individual enterprise or a shop? Is he active in a multi-store business and does he have branches in different countries, with a large number of employees? In this context, it should be noted that large-scale businesses might pose high risks so; it is difficult to track customer activity and identify customers.
 - B. Nature of the business: Some businesses related to the gold and precious metals sector represent high risks compared to others. Commercial operations related to gold bullion and raw gemstones are of high risk, as these pieces are more attractive to the perpetrators of illegal activities as they can hide and transport them across borders. In

addition, they retain their value all over the world, and in turn, made or finished jewelry, especially jewelry for decorating clothes, are of low risk, as the resale value cannot be known or expected, and it is difficult to transfer a large value through relatively small pieces.

Third: The risks identified in the national risk assessment.

It was assessed that precious metals and gemstones dealers had a "substantially low" net risk level of money laundering and that the level of short-term consequences of operations through the sector was "very small".

1. Mainly the sector operates in a retail environment although there are very few jewellery dealers working online in Jordan. The customer base consists mostly of resident customers. Transportation channels for retailers include face-to-face encounter, and payments are usually settled in cash using credit and debit cards.
2. These companies are subject to anti-money laundering and terrorist financing obligations under the Anti-Money Laundering and Terrorist Financing Law No. (20) of (2021), and dealers of precious metals and gemstones are subject to oversight and supervision, which includes combating money laundering and terrorist financing by the Ministry of Interior.
3. It is noted that gold and diamonds are the most likely to be used for money laundering purposes because of their ability to preserve and transfer value and the "adequacy" of the applied controls reduces the possibility of money laundering through this sector.

Fourth: Risk factors and their association:

Risk factors vary according to their relationship, whether with the customer base, countries and geographical regions, or with the products, services, operations and professional practices that it provides or develops. These factors can be explained as follows:

A. Risk factors related to the customer base.

The risk associated with the customer base may be high if the customer is a high-ranking official or a member of their family or close to them (known as the Politically Exposed Persons as will be discussed below). Or resides in a high-

risk country or is not present for identity verification purposes. Any operations that are not conducted face-to-face, and the risks associated with the customer are high if a legal person manages a significant part of his activities or also has branches in high-risk countries or if it is a legal person or legal arrangement whose structure or nature is difficult in determining the beneficial owner of them, or a customer who seeks to prevent the understanding of his transactions and operations by using shell companies, front companies, or with a complex ownership structure, or companies that are managed across several countries without a clear economic objective.

The self assessment of business risk should take into account the extent to which the dealer of precious metals or gemstones knows the relevant customer base, as transactions with a small group of people who have known the dealer for many years may represent a lower risk, compared to a business with a large number of customers, which is experiencing a change in its customer base, since in the first case it is easier to know the backgrounds of the customers, their business and what they do with the products they buy from the merchant. However, just because a merchant has known a customer for years, does not necessarily mean that the risks associated with the customer are low.

Dealers of precious metals and gemstones, when conducting customer risk assessment, should take into account the persons who own and control customers who are not only their direct customers, but also known as (The Beneficial Owners).

B. Risk factors associated with countries and geographic regions..

Business can pose high risks, if the transactions that take place periodically are related to a country that has been classified by sources recognized as credible and trusted such as being classified by the National Anti-Money Laundering and Terrorist Financing Committee the Financial Action Task Force – FATF, or on the basis that they are countries with weak systems in combating money laundering and terrorist financing, or that they represent high risks in the field of corruption and other criminal activities.

A transaction related to a high-risk country may indicate that the sources of business, whether they are natural goods in their raw or processed form, i.e. finished products coming from that country, or that the suppliers are located in that country, or if the transactions takes place with intermediaries or clients based

in that country or that commercial transactions and deals are concluded with that country.

On the other hand, the risks related to countries and geographical regions can be low if the transaction is related to countries with effective systems to combat money laundering and terrorist financing, or countries that have been classified by recognized sources as credible and reliable on the basis that they represent a low risk in the field of corruption and other criminal activities, or countries that have been subject to mutual assessments conducted by recognized and trusted organisations.

C. Risk factors associated with the products, services, operations and professional practices:

Some products and services may be considered high risks in relation to money laundering and terrorist financing, as they facilitate the exploitation of the business by perpetrators of illegal activities. The physical characteristics of some products may represent a high risk for the possibility of their exploitation in money laundering and terrorist financing operations, from those diamonds, whose financial value is high and at the same time small in size and light in weight, thus easy to transport, smuggle and hide without the possibility of detection by law enforcement entities.

In addition to the nature of the business and products that is being provided, this may include commercial operations that do not take place face to face, including transactions that take place over the Internet through electronic points of sale or any other arrangement that does not require the personal presence of the two parties and products or services that guarantee the anonymity of the person. Also, it includes cash transactions of its value, so that the funds did not pass through a regulated and controlled financial institution, the same is true for transactions that rely on the use of modern technologies or are in the process of testing, for example dealing with virtual assets (Bitcoin) or cryptocurrencies.

A dealer of precious metals or gemstones shall periodically update his risk assessment, in accordance with the mentioned below, and in particular, the risk assessment should be updated before launching and providing new products or services, using new channels to provide products and services, or using new technologies.

Chapter Five:

The methodology adopted by the dealer of precious metals and gemstones to address the risks of money laundering and terrorist financing

First: The methodology adopted by the dealer of precious metals and gemstones to deal with and reduce the risks of money laundering and terrorist financing.

Second: The -behaviour mechanism of precious metals and gemstones dealer in the results of his assessment of money laundering and terrorist financing risks.

Third: the dealer of precious metals and gemstones should establish an anti-money laundering and terrorist financing program.

Fourth: Obligations required of employees, officials and workers of dealers of precious metals and gemstones:

Take appropriate examination procedures to ensure high efficiency standards when hiring employees.

Informing employees of the necessary information and procedures and subjecting them to training.

Appointing a chartered accountant.

Chapter Five

The methodology adopted by the dealer of precious metals and gemstones to address the risks of money laundering and terrorist financing

First: The methodology adopted by the dealer of precious metals and gemstones to deal with and reduce the risks of money laundering and terrorist financing.

The methodology adopted by the dealer of precious metals and gemstones to address the risks of money laundering and terrorist financing is specified as explained in Article (15) of the Anti-Money Laundering and Terrorist Financing Law No. (20) of 2021, which states the following:

Article (15):

Reporting entities, and according to the instructions issued thereto, which also considers the ability of the entity, shall undertake the following:

- a. Identify, assess, understand and monitor their money laundering and terrorist financing risks, while taking into account risk factors related to customers, countries and geographic areas, products, services, channels, transactions and techniques including those that are new or existing or under development. Such assessment shall be proportionate with the nature and size of the reporting entity, the requirements of supervisory authorities and the national risk level.
- b. Adopt and approve policies, controls and procedures, to manage and mitigate risks, based on the results of the risk assessment indicated in paragraph (a) of this article.
- c. Document and update self-risk assessments periodically or when necessary and provide them to competent entities upon their request.

Second: The behaviour mechanism of precious metals and gemstones dealer in the results of his assessment of money laundering and terrorist financing risks.

- A. The dealer of precious metals or gemstones shall document his money laundering and terrorist financing risk assessment process, in addition to any basic information that he is able to present its foundations.
- B. Documents the bases and sources he relied on to identify, assess and understand his money laundering and terrorist financing risks, taking into consideration the national risk assessment and any other sources to identify those risks.
- C. Monitors the implementation of risk assessment outputs and updates them on an ongoing basis.
- D. He shall provide reports on this to the Anti-Money Laundering and Terrorist Financing Department on a regular basis, within the period he determines and upon his request.

Third: the dealer of precious metals and gemstones should establish an anti-money laundering and terrorist financing program.

- 1. This program must include policies, procedures and internal controls that take into account the risks identified, and the size, complexity and nature of the business.
- 2. That the program be implemented effectively in order to manage risks and reduce them in a manner corresponding with the nature and size of the business.
- 3. Reviews, updates and enhances the program if the need arises.
- 4. The program should be applied to all branches and subsidiaries in which the dealer holds a majority stake within the country and abroad.
- 5. The anti-money laundering and terrorist financing program should contain:
 - A. Appropriate arrangements for the management of reports, including the appointment of a reporting officer.
 - B. The reporting officer who is appointed should undertake the duties of compliance with the dealers of precious metals and gemstones with the requirements of combating money

laundering and terrorist financing in the Anti-Money Laundering and Terrorist Financing Law and the instructions issued pursuant thereto. For the effective and efficient implementation of the AML/CFT program, the reporting officer also acts as a primary point of contact between the dealer of precious metals and gemstones and the AML/CFT Unit, As shown in the articles of the Anti-Money Laundering and Terrorist Financing Instructions for Jewellery and Sale of Precious Metals and Gemstones for the year 2014 mentioned below:

Article (10):

The shop should name one of its qualified employees to be its reporting officer who undertakes the duty of notifying the unit of any deal which is suspected to be related to money laundering or terrorism financing, as well as provide the unit with the full name and particulars of this person, provided that the name of an alternative person is identified in case of his absence and inform the unit upon changing any one of them.

Article (11):

- a. The shop owner and employees are committed to notify the reporting officer of any transaction suspected to be related to money laundering or terrorism financing.
- b. The reporting officer is committed to the following:
 1. Notify the unit immediately of the transactions suspected to be related to money laundering or terrorism financing based on the provisions of the Anti Money Laundering and Counter Terrorist Financing Law in force and according to the form or mean approved by the unit, and he shall cooperate with the unit, provide it with the particulars, documents and information available with him and facilitate the unit's review thereof if requested for the purposes of the unit's performance of its functions, which shall be during the period specified in the request.
 2. Prepare files pertaining to the transactions suspected to be related to money laundering or terrorism financing in which copies of the notifications, particulars and documents related thereto are kept, provided

that such files are retained for a minimum period of five years or until the passing of an absolute judicial judgement with respect to this transaction, which ever is longer.

Article (12):

c. Enable the reporting manager to exercise his authorities independently in a manner which would maintain the confidentiality of the incoming information to him and the procedures he carries out, and to have, towards same, access to the records and particulars he requires for carrying out his functions.

Fourth: Obligations required of employees, officials and workers of dealers of precious metals and Gemstones:

A. Take appropriate examination procedures to ensure high efficiency standards when hiring employees.

A dealer of precious metals or gemstones should establish appropriate investigation procedures to ensure that his employees, officials and workers in the company or in the shop meet the specifications of efficiency and integrity as determined by the rules of obligations.

The examination procedures should be more stringent towards people who occupy sensitive positions in the shop or company, such as employees who deal directly with customers or who supervise financial transactions for dealers of precious metals and gemstones.

In order to fulfill this obligation, the dealer of precious metals or gemstones must, before appointing officials or employees, obtain references related to the person and information related to his employment history and qualifications, and to ascertain if he was previously convicted of a criminal offense or imposed a disciplinary penalty on him.

B. Informing employees of the necessary information and procedures and subjecting them to training.

The trader of precious metals and gemstones shall familiarize his employees with the information necessary to ensure their knowledge of the international and national legal framework in the field of combating money laundering and terrorist financing, and the policies, regulations, procedures and internal controls applied by traders of precious metals and gemstones to manage and

reduce the risks of money laundering and terrorist financing. This training shall assist the employees to become familiar with the patterns or trends suspected of falling within the money laundering and terrorist financing operations and the procedures for authorizing such operations.

In addition to ensuring that relevant employees awareness and knowledge are enhanced in regard of the importance of due diligence measures and the ongoing monitoring of customers.

The training program should be tailored to the employee's role. For example, an employee in the sales department may need somewhat different training than employees working in the back office, and the training program needs to be constantly updated and documented.

(As stipulated in Article (12/d) of the Anti-Money Laundering and Terrorist Financing Instructions for Jewellery and Sale of Precious Metals and Gemstones for the year 2014 mentioned below):

Article (12/D):

Orientate his staff with the necessary information on:

1. Anti Money Laundering and Counter Terrorist Financing Law in force and the regulations, instructions and decisions issued pursuant to any one thereof.
2. The patterns suspected to be falling within the money laundering and terrorism financing transactions stated in the attached guidelines.
3. Notification proceedings on the transactions suspected to be related to money laundering and terrorism financing.
4. Internal policies, bases, procedures and controls followed by the shop to combat money laundering and terrorism financing transactions.

C. Appointing a chartered accountant.

A dealer of precious metals and gemstones must appoint a chartered accountant in accordance with Article (13) of the Anti-Money Laundering and Terrorist Financing Instructions for jewellery-making and selling jewellery, precious metals and gemstones shops for the year 2014 mentioned below:

(The legal accountant appointed by the store, in addition to his duties, must ensure that the store complies with the provisions of the applicable Anti-Money Laundering and Terrorist Financing Law and the provisions of these instructions, and ensure the adequacy of the store's policies and procedures related to this, and include its results in the annual report, with the need to inform the Ministry as soon as it discovers any violation for these instructions).

Chapter six

Due diligence and identification of the beneficial owner.

First: - Due diligence measures taken by dealers of precious metals and gemstones.

When do dealers of precious metals and gemstones take due diligence measures?

Timing of the due diligence procedures.

Second: - Politically Exposed Persons.

Who are the Politically Exposed Persons?

What should be taken if the customer or the beneficial owner is a Politically Exposed Person or a member of his family or close to him?

Third: - **Records**, data and documents at the dealer of precious metals and gemstones.

Keeping records.

The period of record keeping.

Availability of due diligence information and records by the dealer of precious metals and gemstones.

The purpose of keeping records.

Chapter Six

Due diligence and identification of the beneficial owner.

It is a number of procedures taken to ensure that dealers of precious metals and gemstones know their customers and ensure that they fully understand those customers. These procedures include identifying and verifying the identity of the customer through the use of original documents, data or information from an independent and reliable source, and determining whether the customer is acting on behalf of a another person. Also, ascertaining that any person claiming to be acting on behalf of the client is authorized to do so with identification and verification, understanding the nature of the client's work or pattern of activity, the purpose and nature of the business relationship, and determining the legal form of the client, whether it is a natural or legal person or a legal arrangement.

✚ Beneficial Owner: The natural person who ultimately owns or controls a customer, directly or indirectly or the person on whose behalf the transactions are being conducted or that ultimately controls a legal person or a legal arrangement.

First: - Due diligence measures taken by dealers of precious metals and gemstones.

A. When do dealers of precious metals and gemstones take due diligence measures?

Dealers of precious metals and gemstones should take due diligence measures when:

- 1- Establishing a business relationship that includes the use of cash.
- 2- Doubts about the correctness or adequacy of the identification data previously obtained.

The dealer of precious metals and gemstones shall take due diligence measures towards the customer as stated in Article (4) of the Anti-Money Laundering and

Terrorist Financing Instructions for Jewellery and Precious Metals and Gemstones shops of the year 2014:

Article (4):

A. The shop shall give due diligence for identifying the customer's identity, his legal status, activity, purpose of the business relation and nature thereof, beneficiary owner of such relation, if any, verification of same in detail according to the under- mentioned items including continued review of the transactions made in the framework of a continued relation with his customers and register and maintain the particulars related thereto according to the provisions of these Instructions in the following cases:

1. The amount of a transaction or multi transactions which appear to be related exceeds ten thousand Dinars or the equivalent thereof in a foreign currency.
2. If the shop suspects the accuracy and efficiency of the data previously obtained regarding verifying the customer's identity.
3. If the shop suspects that the transaction suspected to be related to money laundering or terrorism financing irrespective of the amount thereof.

B. The shop should review the official documents to identify the customer's identity and beneficiary owner as well as verify same and obtain a copy thereof which should be signed by his in charge employee stating that it is a true copy.

C. The shop is prohibited from dealing with persons of anonymous identities or who have false or fictitious names or with shell banks and companies.

D. The following should be observed in the identification proceedings of the customer and beneficiary owner identity, if any, if he is a natural person:

1. Obtain the identification particulars comprising his full name, date and place of his birth, national number, nationality, nature of his work, address of his permanent residence, telephone number, purpose and nature of the business relationship, all information pertaining to the identity document for Jordanian persons, passport number for non-Jordanian persons and any other information or documents deemed necessary by the shop for completing the identification process.

2. Obtain original official documents or a duly certified copy thereof which substantiate the authenticity of deputization in case the dealing of any person or party with the shop on behalf of the customer and retain a copy thereof in addition to identifying the customer's identity and whoever acts on behalf of him according to the identification proceedings of the customer's identity stipulated in these Instructions.

E. The following shall be observed in the identification proceedings of the customer's identity if he is a legal person:

1. Obtain the identification particulars comprising the name of the legal person, his legal form, address of the main office, telephone number, type of activity, date and number of registration, tax number, national number of the installation, names of the authorized signatories for the legal person, their nationalities, telephone numbers, purpose and nature of the work relationship as well as any other information or documents deemed necessary by the shop for the completion of the identification process.
2. Obtain the official documents or duly certified copies thereof which substantiate the incorporation of the legal person and the registration thereof with the competent authorities such as the certificates issued by the Ministry of Industry and Trade, Companies Control Department and the certificates issued by the Commercial and Industrial Chambers in addition to the necessity of obtaining an official certificate issued by the competent authorities in case the company is registered abroad.
3. Obtain copies of the authorizations issued by the legal person to the natural persons representing him and the nature of their relationship with it, identify the identity of the authorized natural person and beneficiary owner, if any, according to the identification proceedings of the customer identity provided for in these Instructions.
4. Obtain information on the provisions, which regulate the work of the legal person including the ownership structure, and controlling management, and the names of the concerned persons who occupy senior management positions in the legal person.

5. All of the above procedures apply to legal arrangements, and for this purpose legal arrangements refer to direct trust funds or similar legal arrangements.

F. In the procedures of identifying the identity of the beneficiary owner, review of the particulars and information that are obtained from official documents and particulars should be observed whereby the shop will become satisfied that it is aware of the beneficiary owner's identity. This is done through the following data and information, for example but not limited to:

1. The identity of the natural person who has an actual controlling ownership interest in the legal person.
2. In the event of doubts about the identification of the natural person or the inability to identify him in accordance with Clause (1) of this paragraph, the shop should identify the natural person who has control within the legal person through other means.
3. In the event that no natural person is identified within the framework of the application of items (1 and 2) of this paragraph, the store must identify and take reasonable measures to verify the identity of the relevant natural person who occupies a position in the higher management.

G. In the event that the shop is unable to carry out the due diligence procedures with respect to the customer according to the provisions of the Anti Money Laundering and Counter Terrorist Financing law in force and these Instructions, it should not complete the selling or buying proceedings and notify the Unit immediately in the event of existence of any transaction suspected to be related to money laundering or terrorism financing.

H. Jewellery and jewelry making shops mentioned in Article (3) of these instructions shall take due diligence procedures on an ongoing basis for work relations. Including auditing the processes that take place throughout the relationship and ensuring that the documents, data and information obtained under the due diligence procedures are constantly updated and appropriate, by reviewing existing records, especially categories of clients and high-risk business relationships.

I. Jewellery shops mentioned in Article (3) of these instructions should not continue the due diligence process if there is a suspicion of money laundering or

terrorist financing and believe that this will alert the customer, provided that the unit is notified of that.

B. Timing of the due diligence procedures.

The dealer of precious metals and gemstones must abide by the timing of the due diligence procedures towards the customer as stated in Article (5,6,7) of the Anti-Money Laundering and Terrorist Financing Instructions for Jewellery and Precious Metals and Gemstones shops for the year 2014:

Article (5):

- a. The shop undertakes the necessary procedures to verify the authenticity of the documents, particulars and information he obtained from the customer through neutral and credible sources.
- b. The shop may postpone the verification procedures stipulated in these Instructions until after the conclusion of the selling or buying transaction provided that:
 1. The shop completes these measures as soon as possible.
 2. The shop takes the necessary measures to avoid the risks of money laundering and terrorism financing during the postponement period.
 3. Setting a suitable internal policy for the number, type and amounts of the transactions which can be executed prior to the completion of such procedures.
- c. If the shop is unable to carry out the requirements of verification of the customer's identity and activity, it should consider notifying the unit thereof according to the provisions of the Anti Money Laundering and Counter Terrorist Financing law in force and these Instructions.

Article (6):

- A. The shop must follow strict due diligence procedures when it believes that there is a high risk of money laundering or terrorist financing operations.
- B. The store may follow simplified due diligence procedures in cases it classifies as low-risk for money laundering or terrorist financing operations, provided that the Ministry is informed, and that the classification is based on a study and adequate analysis of risks.

In all cases, simplified due diligence procedures may not be followed in case of suspected money laundering or financing operations.

Article (7):

The shop shall exercise strict due diligence in identifying the customer's identity and activity in the following operations:

- A. Transactions with persons in countries that do not have adequate systems to combat money laundering and the financing of terrorism.
- B. Transactions that are unusually large or complex, or have no clear economic or legal purpose, and originate from countries that do not adequately implement FATF recommendations.
- C. Any transaction that the Ministry or the shop decides that it poses a high risk for money laundering or terrorist financing operations.
- D. Direct or indirect sales or purchases that do not take place face to face or that takes place through electronic means or tools.
- E. Sales and purchases made through non-resident customers.
- F. Business relationships and transactions with clients from countries with high risks, and the Financial Action Task Force calls for action against them.

Second: - Politically Exposed Persons.

A. Who are the Politically Exposed Persons?

Politically Exposed Persons were defined in Article (2/A) of the Anti-Money Laundering and Terrorist Financing Law No. (20) of 2021 as follows:

Politically Exposed Person:

“Persons entrusted with a prominent function in the Kingdom or in a foreign country, including politicians, government, judicial and military officials, senior executives of state-owned corporations, political party officials; or persons that are entrusted with a prominent function by an international organization, including members of senior management such as directors, deputy directors and members of the board or equivalent functions including family members and close associates of such persons.”

✚ Who are the politically exposed persons and their family members and people close to them?

1. Individuals entrusted with prominent public functions in the Hashemite Kingdom of Jordan or in a foreign country, such as heads of state or government, politicians and high-ranking government officials, judicial and military officials, senior executives of state-owned companies, members of parliaments, important political party officials, in addition to members of the senior management of directors, deputy directors, members of the board of directors or equivalent positions in international organizations.
2. The family members of the politically exposed person representing the risk including the husband or wife and any natural person related to him by a relationship or affinity to the second degree. Also, includes: father and mother, father or mother of the husband or wife, son or daughter, son or daughter of the husband or wife, grandfather and grandmother, brother or sister, brother or sister of the husband or wife, son or daughter of the son, son or daughter of the daughter.
3. A person close to a politically exposed person includes any natural person who is a partner in a legal person or arrangement, or a beneficial owner of a legal person or legal arrangement that is owned or effectively controlled by a politically exposed person, or any person with whom he has a close professional or social relationship.

B. What should be taken if the customer or the beneficial owner is a Politically Exposed Person or a member of his family or close to him?

As stated in article 8 of the Instructions on Combating Money Laundering and Financing of Terrorism for Jewellery Shops and Sale of Jewellery, Precious Metals and GemStones for 2014:

- a. In addition to taking the due diligence measures set out in these instructions, with respect to foreign politically exposed persons, the shop must do the following:
 1. Setting a particular system for risks management from which it can be inferred whether the customer, his deputy is from amongst this category

including a policy for the acceptance of customers from this category which takes into consideration the classification of customers according to the level of their risks. The shop shall review such classification periodically or in the event of changes that requires such.

2. Take the suitable procedures to ascertain the sources of wealth of these persons.

3. Obtain approval of the shop's proprietor or any person who acts on behalf of him upon the establishment of a relation with these persons.

4. Accurate and continued follow up of the shop's dealings with these persons.

b. In addition to taking the due diligence measures set forth in these instructions, the shop must do the following with respect to local politically exposed persons:

1. Take adequate measures to determine whether the customer or the real beneficiary is one of these persons.

2. In cases of a high-risk business relationship with these persons, the measures referred to in paragraph (a) of this item shall be applied

c. The measures referred to in Paragraph (b) of this Article shall be applied to persons who have previously been entrusted with a prominent position by an international organization, and these persons mean members of the highest management or the chairmen and members of boards, directors and their deputies or equivalent positions.

* It is clear from the above that the dealer of precious metals and gemstones should follow the following:

1- A dealer of precious metals or Gemstones must set up appropriate risk management systems to determine whether the customer or the beneficial owner is a political risk representative or a member of their family or close to them. The risk management system includes, in particular, the request for necessary information from clients, reference to publicly available information and access to databases within the limits permitted by the legislation in force.

2- If a dealer of precious metals and gemstones finds that the customer or beneficial owner is a politically exposed person or a member of his family or close to him, he must take the following additional measures of due diligence towards them:-

A- Obtaining the approval of the senior management before establishing or continuing a business relationship with politically exposed persons or one of their family members or close to them, for existing customers (in cases where a dealer of precious metals or gemstones carries out his activity within the framework of a commercial company).

B- Taking reasonable measures to find out the source of the wealth and funds of clients and the beneficial owner of the politically exposed persons or one of their family members or close to them.

C- Apply strict and continuous due diligence measures to the business relationship of politically exposed persons or their family members or those close to them, including continuous auditing of the operations that take place throughout the period of the business relationship and ensuring their consistency with the client's activity pattern and the risks it represents.

Third: - Records, data and documents at the dealer of precious metals and gemstones.

A. Keeping records.

A dealer of precious metals and gemstones must keep:

1- All records, documents, logs and data for all local or international transactions and operations.

2- All records, documents, logs and data obtained or collected through due diligence measures.

3- Account files, commercial correspondence and the results of any analysis conducted.

4- All relevant information that allows tracking financial transactions, when concluding cash transactions or attempting to conduct a financial operation by the customer, and all reports related thereto.

B. The period of record keeping.

The time period for keeping records and data with dealers of precious metals and gemstones was addressed in Article (9) of the Anti-Money Laundering and Terrorist Financing Instructions for Jewellery, Precious Metals and Gemstones shops for the year 2014:

a. The shop should maintain the records and documents to record the local and international selling and buying transactions so as to include sufficient particulars to identify these transactions including the particulars identification records of the identity and beneficiary owners for a minimum of five years from the date of completing the transaction or termination of business relation with the customer, as the case may be, and update these particulars periodically.

b. The shop should make all records related to customers and transactions available upon requesting them by the Unit and the competent authorities at the fixed time.

C. Availability of due diligence information and records by the dealer of precious metals and gemstones.

*To whom does the dealer of precious metals and gemstones make records available?

The dealer of precious metals and gemstones shall provide all due diligence information and all records, documents and logs of transactions and operations kept without delay to the Anti-Money Laundering and Terrorist Financing Unit and the competent authorities whose work requires the provision of such transactions.

As explained in article 12 (a) of the Instructions against Money Laundering and Terrorist Financing for Jewellery Shops, Precious Metals and Precious Stones for 2014:

The following should be done:

a. " Audit and inspect unusual and/or large-scale operations and duly document them, record the findings in writing and retain them for at least five years and make them available to the Unit and the competent authorities upon request.

D. The purpose of keeping records.

1-Demonstrates that the dealer of precious metals or gemstones is committed to the requirements of combating money laundering and terrorist financing and evaluating them.

2-Allow authorities to reconfigure and arrange individual operations to conduct analysis on their data so that they can provide, where necessary, evidence of prosecution against criminal activity.

Chapter Seven

Suspicious transactions

First: - Reporting suspicious transactions.

Second: How to identify suspicious transactions.

Third: The decision taken regarding suspicious transactions and non-suspicious transactions.

Fourth: Actions taken by the reporting entities.

Fifth: Non-compliance and disclosure of confidentiality.

Chapter Seven

Suspicious transactions

A dealer of precious metals and gemstones must immediately report to the Anti-Money Laundering and Terrorist Financing Unit any transaction, operation or attempt, regardless of its value, when he suspects or has reasonable grounds to suspect that:

- a- It is related to or includes the proceeds of a predicate crime.
- b- Or, linked to the financing of terrorism.

The dealer of precious metals and gemstones shall inform the Anti-Money Laundering and Terrorist Financing Unit upon suspicion or when there are reasonable grounds to suspect that the transaction is related to proceeds of a predicate crime or includes a predicate crime, or related to the financing of terrorism, regardless of the following data:

- a- The value of the transaction.
- b- That the transaction has been unsuccessful.
- c- The nature of the predicate crime.
- d- That the money laundering or terrorist financing attempt did not take place.

The reporting obligation does not require the reporting entity to provide accurate evidence of the predicate offense committed or to give it the correct legal description.

Reasonable grounds for suspicion are determined by what is reasonable in the business conditions, including normal trading practices and systems within the business sector of a dealer of precious metals or gemstones.

In this guide, the most important suspicious indicators identified by the Anti-Money Laundering and Terrorist Financing Unit related to dealers of precious metals and gemstones are found. Noting that the list of indicators is not exclusive, and dealers of precious metals and gemstones can identify suspicious transactions involving customers and high-risk operations based on other criterias or known indicators of money laundering, terrorist financing or predicate crimes.

First: - Reporting suspicious transactions.

* What kind of transactions should be reported?

Under Law No. 20 of 2021, traders of precious metals and gemstones are subject to the obligation to report suspicious transaction Mentioned in Article (18) of the law.

Dealers of precious metals and gemstones are not prohibited from reporting suspicious operations related to other types of transactions, such as cash transactions whose value is less than (10,000) ten thousand Jordanian dinars and transactions made using a credit card. On the contrary, they must be urged to submit reports that the transaction may be related to money laundering or terrorist financing.

Second: How to identify suspicious transactions.

There may be reasonable grounds to suspect that financial transactions are related to or attempted to be carried out with money laundering or terrorist financing, regardless of their value.

There is no specific limit for reporting a suspicious transaction, and a suspicious transaction may involve several factors that seem insignificant in themselves, but all of these factors together may raise doubt and suspicion that the transaction is related to the commission or attempt to commit a money laundering/terrorist financing crime.

In general, a transaction may be related to a money laundering or terrorist financing operation when the transaction or a series of transactions raises suspicion, or causes uneasiness, apprehension or mistrust. The context in which the transactions or attempts to carry out transactions take place is an important factor in assessing suspicion, and this varies from one business to another and from one customer to another.

The reporting DNFBPs shall evaluate transactions using a risk-based approach, in an appropriate manner and within the usual practices followed in their field of work, and based on their knowledge of their clients.

Transactions that are inconsistent with a customer's profile and information, or with his standard practices, could be associated factors in determining whether there are reasonable grounds to suspect that the transactions are related to money laundering or terrorist financing.

The assessment of suspicion should be based on a logical and reasonable assessment of relevant factors, including knowledge of the client's business, financial history, background and behavior and remembering that the behavior is suspicious and not the people and that suspicion can be based on a factor or a combination of factors.

In all cases, all circumstances surrounding a transaction or series of transactions should be considered.

Third: The decision taken regarding suspicious transactions and non-suspicious transactions.

A dealer of precious metals and gemstones, in making his decision whether to consider an unusual or inconsistent transaction, suspicious or not, should especially consider the following issues:

- 1- If the transaction does not include a clear or apparent legitimate economic or legal purpose.
- 2- If the transaction does not include a reasonable explanation.
- 3- If the size or pattern of the transaction is outside the framework of any previous size or pattern of customer transactions themselves.
- 4- If the client fails to give the necessary explanation for the transaction or complete informations about it.
- 5- If the transaction is a result of a newly established business relationship, or if it is a single transaction.
- 6- If the transaction involves the use of companies accounts, or structures located outside the borders, without it being justified by the customer's economic needs, if the transaction involves the transfer of funds through third parties, without necessity.

Fourth: Actions taken by the reporting entities.

The measures taken by the reporting entities in accordance with the Anti-Money Laundering and Terrorist Financing Law No. (20) of 2021 have been clarified as stipulated in the following articles:

Article (15):

Reporting entities, and according to the instructions issued thereto, which also considers the ability of the entity, shall undertake the following:

- d. Identify, assess, understand and monitor their money laundering and terrorist financing risks, while taking into account risk factors related to customers, countries and geographic areas, products, services, channels, transactions and techniques including the new ones or those subject for development. Such assessment shall be proportionate with the nature and size of the reporting entity, the requirements of supervisory authorities and the national risk level.
- e. Adopt and approve policies, controls and procedures, to manage and mitigate risks, based on the results of the risk assessment indicated in paragraph (a) of this article.
- f. Document and update self-risk assessments periodically or when necessary and provide them to competent entities upon their request.
- g. Refrain from opening or maintaining anonymous accounts, or accounts with fictitious names or keeping of such and refrain from dealing with unidentified persons, whether they are natural or legal persons.
- h. Conduct customer due diligence measures or simplified or enhanced measures in line with the risk assessment and verify such provided that enhanced customer due diligence measures shall be applied in cases where specific scenarios of higher risks occur, risks scenarios or whenever there is a suspicion of money laundering or terrorist financing.
- i. Develop appropriate risk-management procedures to determine whether the customer or beneficial owner is a politically exposed person and take specific customer due diligence measures to that case.

g. Implement programs to combat money laundering, any associated predicate offence and terrorist financing, in line with the risk assessment.

h. Financial groups shall implement group-wide programs against money laundering and terrorism financing, including policies and procedures for the exchange of information within the group. The mother financial institution shall ensure that its foreign branches and subsidiaries apply the required Anti Money Laundering and Counter Terrorist financing measures.

Article (16):

- a. When reporting entities are unable to meet their obligations to conduct customer due diligence measures, or to start any of the procedures stipulated under paragraph (e) of Article (15) of this Law, they shall not open the account, perform the transaction or, start or continue any of such procedures and may consider reporting to the Unit.
- b. The provisions of paragraph (a) of this Article shall not apply whenever the reporting entity has a suspicion of money laundering, associated predicate offence, or terrorist financing and it has reasonable grounds to believe that applying the customer due diligence measures may tip-off the customer, and the reporting entity is allowed in this case not to pursue those measures and shall file a suspicious transaction report to the unit.

Article (17):

- a. Reporting entities, and according to the instructions issued thereof, shall keep records of the local and international transactions they undertake in addition to sufficient data to identify such transactions, for no less than five years from the date of completing such transactions. They shall also keep all records obtained through customer due diligence procedures, account files and business correspondence, as well as results of any analysis undertaken, for no less than five years from the date of termination of the relationship or the date of the transaction, whichever is longer. The record keeping

mechanism shall permit reconstruction of individual transactions so as to provide evidence of it.

- b. Reporting entities shall periodically update records, including customer due diligence records, documents, instruments, data, information and the results of any analysis undertaken, including customer due diligence records referred to in paragraph (a) of this Article and provide such to competent entities upon their request.

Article (18):

A reporting entity shall immediately notify the Unit of any transaction or activity, or any attempt of such, if it suspects, or has reasonable grounds to suspect that funds are the proceeds of money laundering, associated predicate offense or terrorist financing, regardless of the amount of the transaction and pursuant to instructions issued by the Unit.

Article (19):

Reporting entities, their directors, employees and other staff are prohibited from disclosing that any report or related information was submitted to the Unit concerning money laundering, associated predicate offence or terrorist financing. This shall exclude disclosures to relevant directors or compliance staff or between financial institutions belonging to the same financial group and entities legally authorized to access such information.

Article (20):

No penal, civil, administrative or disciplinary liability shall be borne by any natural or legal person who reports in good faith any transaction suspected to be linked to money laundering offence, associated predicate offence, or terrorist financing, or submits information related thereto in accordance with the provisions of this law.

Fifth: Non-compliance and disclosure of confidentiality.

Reporting entities should comply with requests for information received from the Anti-Money Laundering and Terrorist Financing Unit regarding suspicious or potentially related operations related to money-laundering or terrorist financing

as stipulated in Articles (13/C) and (35) of the Anti-Money Laundering and Terrorist Financing Act No. 20 of 2021:

Article (13/a):

The prohibition stipulated in Paragraph (b) of this Article shall apply to any person that, is authorized to access or that comes to his knowledge, directly or indirectly, or that obtains any information submitted or exchanged in accordance with the provisions of this law, regulations, instructions and decisions issued pursuant thereto, in the exercise of their functions.

Article (35):

Should any reporting entity refuse or fail to provide the Unit within the specified period with the information, data, documents and instruments that should be provided in accordance with the provisions of this law, regulations, instructions and decisions issued pursuant thereto,, or obstructs the Unit in performing its tasks and powers,, it shall be fined of no less than five thousand dinars and no more than twenty thousand dinars. The fine shall be doubled in the event of recurrence of the violation.

Chapter Eight

Indications of suspicious transactions

First: General indicators to identify suspicious transactions that are applied to all reporting entities.

Second: Indicators related to reporting or record keeping requirements.

Third: Indicators related to personal documents.

Fourth: Indicators specific to dealers of precious metals and gemstones.

customer behavior.

Company behaviour.

Trade-based behavior (also linked to trade-based money laundering).

Product differentiation.

Payment methods.

Fifth: Activity of the original crime (methods of gold mining).

Chapter Eight

Indications of suspicious transactions

The indicators below contribute to the assessment of whether the transactions have any reasonable grounds for suspicion. They are examples of common indicators that may be useful when evaluating transactions, whether they are made or are just attempts. They include indicators based on certain characteristics that have been associated with money laundering or terrorist financing activities.

These indications are not all-comprehensive, and they should not be taken only in isolation. Each indicator may not call for doubt or suspicion of money laundering or terrorist financing activity. However, if more than one indicator is met during a transaction or series of transactions, dealers of precious metals and gemstones should consider all other factors before making up their minds on whether or not to report the transaction.

Indications must be evaluated in the context in which the transaction is occurring or is being initiated. Each indicator may lead to the conclusion that there are reasonable grounds to suspect that a money laundering or terrorist financing crime is being committed or attempted. However, the indicator may not lead to any suspicion in light of many factors, such as the client's profession, business activities, financial history, and previous investment style. Nonetheless, if we look at all these factors together, the presence of one or more indicators, as well as knowledge of the reporting entities of the client's business or financial activities will help identify suspicious operations.

First: General indicators to identify suspicious transactions that are applied to all reporting entities.

It is possible to identify general indicators of suspicious transactions that apply to all reporting entities, and they are as follows:

- 1) The customer acknowledges or makes statements about the involvement in criminal activities.
- 2) The customer conducts transactions at different physical locations, in an apparent attempt to avoid detection.

- 3) The customer constantly uses the same address, but changes the names of the parties to the transaction frequently.
- 4) The client is accompanied and monitored.
- 5) The client is unusually curious about internal systems, controls and policies.
- 6) The customer provides unclear details about the transaction, and does not know its exact purpose.
- 7) The customer exaggerates the justification or interpretation of the transaction.
- 8) The client is conservative and reluctant to meet in person.
- 9) The customer is nervous and his behavior does not correspond to the pattern of the transaction.
- 10) The customer is involved in suspicious transactions and money laundering activities, but is unaware of it.
- 11) The background of a new or potential client cannot be easily checked.
- 12) The customer acts for or on behalf of a third party, but does not declare that.
- 13) The customer insists on completing the transaction quickly.
- 14) The customer provides contradictory or misleading information regarding the transaction.
- 15) The transaction is illogical or inconsistent with the usual or expected activity of the customer.
- 16) The client has recently established a series of new relationships with different financial entities.
- 17) The client tries to get close to the employees and consolidate his relationship with them.
- 18) The customer uses several similar aliases and addresses.
- 19) The customer spells his name differently in each transaction.

- 20) The customer provides incorrect information or information that you believe is unreliable.
- 21) The customer offers money, gifts or unusual services in exchange for services that may appear unusual or suspicious.
- 22) You are aware that the customer is the subject of investigations in money laundering or terrorist financing cases.
- 23) you are aware, or become aware, from a trusted source (which could be media or other open sources), that the customer is engaged in illegal activity.
- 24) The new or potential customer is known to have a suspicious legal reputation or criminal background.
- 25) The transaction involves a fictitious/suspicious entity (ie, a company that has no assets, operations, or other justification for its existence).

Second: Indicators related to reporting or record keeping requirements.

- 1) The customer tries to convince the employee not to complete any documents required for the transaction.
- 2) The customer makes inquiries indicating his desire to avoid reporting.
- 3) The client has an unfamiliar knowledge of the law and the requirements for reporting suspicious transactions.
- 4) The client has comprehensive knowledge of money laundering or terrorist financing issues.
- 5) The customer raises the issue that the transaction is “clean” or “does not involve money laundering.”
- 6) The customer splits or divides the amounts to avoid keeping records, proving personal identity, or exceeding the limit set for reporting.

Third: Indicators related to personal documents.

- 1) The customer provides information that is questionable or unclear.

- 2) The customer presents a false identification or identification that appears to be forged, altered or inaccurate.
- 3) The customer refuses to provide identification documents.
- 4) The customer only provides non-original copies of identification documents.
- 5) The customer wants to provide his data using documents other than identity documents.
- 6) Customer's supporting documents lack important details, such as phone number.
- 7) The client exaggerates the delay in submitting the company's documents.
- 8) The identification papers submitted by the client are unusual, suspicious, or not easily verifiable.
- 9) All identification documents submitted by the customer are new or include recent issuance dates.
- 10) The customer submits different identification documents at different times.
- 11) The customer changes the transaction after being asked to provide identification documents.
- 12) The customer submits different identification documents each time he makes a transaction.

Fourth: Indicators specific to dealers of precious metals and gemstones.

a) Customer behavior.

- 1) An increase in the purchase of gold bullion by the fixed customer (including bullion dealers) for no apparent reason.
- 2) The purchase of gold bullion by foreign nationals through multiple transactions in a short period of time.

- 3) Transfer of bullion between partners using bullion accounts (including family members) without a clear business purpose.
- 4) Incompatibility of the profession with the summary of the financial statements of the client. For example, the customer classifies his profession as “student” or “truck driver” but transfers large sums of money to gold bullion accounts.
- 5) The customer purchases gold bullion and uses the general post office, a private service provider, or the PO Box as a mailing address without including the box number.
- 6) Unusual patterns of gold bullion transactions, and the nature of these transactions inconsistent with the customer's data summary.
- 7) An unknown former client asked a refinery to convert gold into bullion.

b) Company behaviour.

- 1) Failure to inform the FIU by gold sector organizations (when reporting is obligatory) of changes to the business name of entities registered in the gold trade.
- 2) Registering a commercial company in a tax haven despite the fact that its commercial activity is related to another jurisdiction.
- 3) Transferring unusually large sums of money to different accounts of individuals and companies that are not related to the nature of their commercial activity.
- 4) Unusual deposits such as the use of cash or negotiable financial instruments (such as travellers' cheques, savings checks and payment orders) in the form of banknotes (for the purpose of keeping them under the minimum reporting threshold) to be deposited in bank accounts and payment of gold purchases. Tradable financial instruments may be sequentially numbered or purchased in multiple locations and often lack information about the beneficiary.
- 5) The establishment of many individual business companies or private limited companies by persons who are not apparently related to them (agents)

but are controlled by them and fictitious addresses are used to register these companies.

6) Using the structure of fictitious companies, which are found throughout the jurisdictions.

7) Registration of a large number of companies for one natural person.

8) Difficulty in tracking commercial activities because companies are registered in other jurisdictions .

9) The lack of clarity on how the company will transfer the goods that it has purchased.

c) Trade-based behavior (also linked to trade-based money laundering).

1) When cash payments for requisitions are of high value, this is an indication of Trade-Based Money Laundering activity.

2) Misclassification of the purity, weight, origin and value of gold in the customs declaration forms.

3) Shipping of gold to and from a jurisdiction, listed as a high-risk or uncooperative in money laundering activities.

4) Shipping of gold through one or more jurisdictions, listed as high risk and sensitive without any apparent economic reason.

5) Inconsistency of the size of the shipment and the type of goods with the size and scope of the exporter and importer in view of their activities Regular trade, or economic infeasibility of the shipment. For example, there is no reasonable explanation for the customer investing his money in the shipment.

6) The transaction involves the use of front companies and shell companies, which can be used to facilitate trade-based money laundering but in different ways. The shell company does not include any real operating activities, and is used only to conceal the money laundering activities and the identity of the individuals involved for the purpose of blocking the flow of funds. In addition, if the company's activity is tracked, it will be discovered that it is simply an empty shell company.

d) Product differentiation.

- 1) Inconsistency of the physical properties of gold alloys with industry standards or with the standards of the Jordanian Standards and Metrology Organization.
- 2) Gold prices are more expensive than the prices in the local gold market.

e) Payment methods.

- 1) The presence of a number of affiliated entities in the payment chain.
- 2) Transit transfer of funds and changes to payment purposes.
- 3) Make payments to shell companies with more withdrawals.
- 4) Granting loans (without interest) to foreign companies.
- 5) Granting loans (without interest) to natural persons.
- 6) The sale of gold by a natural person or company, noting that its source comes from places that do not have gold mines or that the place does not have the Feature of extraction.
- 7) Transferring large sums of money abroad, that are withdrawn quickly.
- 8) Making international transfers to countries where the company is not registered.
- 9) Withdrawing significant amounts of cash from bank accounts by participants in the gold trading sector.
- 10) Divide money into checks and small cash transactions to make payments for merchandise.
- 11) Purchasing gold bullion via bank checks may be an attempt to conceal the source of funds and basic ownership.
- 12) The use of cash to buy bullion, especially when there are multiple purchases within a short period of time, when large quantities are purchased at one time, or when there are cash deposits organized in an account to finance the purchase of a single gold bullion.
- 13) It is not possible to prove the original source of funds to purchase of gold bullion. This transaction involves the receipt of cash (or through other

payment methods including checks and credit cards) from third parties not clearly related to the transaction, shell companies, front companies, telegraphic orders, or payments from parties not identified in the original letter of credit or other documents. There should also be increased verification of transactions involving payments for goods through checks, bank drafts and payment orders that do not depend on the account of the entity that purchased the goods.

14) Sending sales proceeds from transactions between domestic sellers and buyers to unknown third parties abroad.

Fifth: Activity of the original crime (methods of gold mining).

- 1) Production and marketing of gold by a person or company without a license.
- 2) A third party is appointed by one of the ethnic communities to do the entire operation in the mine.
- 3) Licensed mines in which production decreased without a clear explanation.
- 4) The development of mining activities using machines and equipment that are not compatible with the characteristics of small-scale or the artisanal mining assigned to it.
- 5) Develop mining activities without complying with administrative, technical, social and environmental regulations.
- 6) Develop mining activities in restricted areas.

It should be noted that this list of indicators is not exhaustive, and reporting entities can identify suspicious operations involving individuals, legal entities and high-risk transactions based on other criteria or known indicators of money laundering, terrorist financing or predicate crime.

The committee supervising the preparation of the Guide on the compliance of Owners of Jewellery Shops and the Sale of Jewellery, Precious Metals and GemStones with Requirements to Combat Money Laundering and Terrorist Financing

- Dr. Muhammad Abdullah Al-Awamra.
- Dr. Ayed Al-Mashqabeh.
- Khaled Lotfi Hamdan.
- Thamer Al-Zaben

Preparation

- Salam Al-alwan
- Sameeh Sukkari
- Hossam Khashan

All rights reserved. This document may not be published, reissued or translated in whole or in part without the prior written permission of jordan's ministry of interior, telephone 96265691141 +, fax 96265606908 + - email: info@moi.gov.jo
