

**Middle East and North
Financial Action Africa
Task Force**



A Typologies Report on:

Money Laundering through Real Estate Sector



November 2018

The Middle East and North Africa

Financial Action Task Force



A Typologies Report on

"Money Laundering through the Real Estate Sector"

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Executive Summary

Money laundering and the terrorist financing offences are international crimes. Money launderers and terrorist financiers have created methods and techniques to commit these crimes, by capitalizing on every means which enable them to commit them, whether by using the evolving techniques and methods used in ML/TF transactions, or by exploiting some areas which are not fully monitored or which permit the transportation of funds and the conduct of financial transactions which help them to this end under an ineffective supervision, whether due to the characteristics of these sectors or the gaps in the supervisory and follow-up systems and the commitment to implement the supervision and compliance requirements, etc.

By further examining the real estate transactions field which is witnessing a significant rise in the dealings and a steady growth over the last period in several Arab and MENA countries, the endeavors of governments and societies in these jurisdictions to create new urban and touristic societies, to develop old cities and neighborhoods, to attract and encourage local and foreign investments to invest in this field, we find that it has several characteristics in many countries of our region, such as the expansion of the real estate market, the plurality of the entities, companies and parties engaged in it, the absence of supervision over some of them, while others are compelled to comply with the AML/CFT requirements, in addition to the weak legislations regulating the companies operating in this field in some countries and the financial transactions resulting from dealing in them, the failure to optimize the implementation of the existing legislations, the absence of a requirement in some countries to prove the financial transactions relevant to the dealing in the real estate through formal financial way and methods and the absence of a complete and accurate designation of the real estates or an official evidence for the ownership transfer operations.

Based on the foregoing, those criminals found an opportunity to misuse the real estate sector and the companies, parties and individuals engaged in it to conduct ML transactions by undertaking several dealings through this sector, whether to cover the predicate offences from which they have illicitly obtained funds and found a legal form through these dealings in real estate so that it looks as if the funds are obtained from them or to exploit this sector with a view to transferring the funds associated with terrorist activities and to help terrorist networks, terrorists and their agents to execute their schemes.

Considering the reasons which were presented and the interest in examining the methods and techniques which would be potentially used to conduct ML transactions through the real estate sector, in addition to the importance of this subject and the necessity to focus on its significant impacts on the economies of the countries and the sound performance of their financial institutions, the MENAFATF 25th Plenary Meeting which was held in Kuwait in April 2017 approved upon the recommendation made by the Technical Assistance and Typologies Working Group (TATWG) to launch a typologies project to study “Money Laundering through the Real Estate Sector”, based on a proposal of the Arab Republic of Egypt, where the project will be presided by Egypt and KSA. A working group for the project was also formed with the participation of the Sultanate of Oman, the Republic of Sudan, and the Hashemite Kingdom of Jordan as members of the group, in addition to the presiding countries.

Preliminary Chapter

Introduction

The initial research reveals that there are several sectors in the real estate field, and according to the FATF Recommendations, the real estate sector may be used to launder the proceeds of crime, which is evident from the inclusion of real estate agents in the entities bound to be committed to the AML/CFT obligations and whereas the preliminary efforts of the real estate study in the region revealed the existence of many activities related to the real estate sector such as real estate development, marketing, trading, brokerage and other activities.

Whereas many of these activities are practiced in the MENA region with the aim of upgrading the urban communities in some areas and new cities in accordance with the development plans adopted by many countries in the region, or in the framework of expanding tourist resort establishments to attract more internal and external tourism, therefore higher risks were imposed as a result of the exploitation of real estate bubble in laundering the crimes proceeds away from the traditional means involving banks and other financial institutions, as they are more organized and more susceptible to be controlled by regulatory authorities.

Therefore, it was deemed necessary to work on a project on money laundering through the real estate sector in order to study the size of the ML risks resulting from the exploitation of this sector and the ability of the AML rules and regulations in place to mitigate these risks, as well as to review a number of practical case studies which include ML schemes and a number of relevant indicators.

The initial study reveals that there are several sectors in the real estate field, which are not alike. It also appeared that some companies could be engaged in more than one activity. The nature of business conducted by these companies was studied and the mission of these companies is mostly to promote upgrade the urban communities in some areas and they can be considered as another aspect of the real estate developer or as part of his functions, but in this case, they basically target residential projects or resorts and hotels. As we have previously noted, these functions need economic and financial capacities and the ability to fund or provide sources for funding these projects.

Importance of the Project:

The subject of our research is named ((Money Laundering through the Real Estate Sector)), in view of the potential misuse of the real estate sector as a cover for laundering the funds resulted from crimes, through large real estate investments, since it is one of the most unregulated sectors in many countries. It is also considered as one of the traditional sectors for cash and non-cash financial transactions involving large sums; this may have urged most countries

to take all the measures which would identify the indicators of ML suspicion through this sector, since they have recently perceived the importance of facing the attempts to misuse it.

Project Objectives:

This project mainly aims to detect and understand the nature of the real estate activities which are most exposed to ML risks, to examine how the real estate sector can be misused in laundering the proceeds of crimes and in terrorist financing and the most important risks the member countries in the MENA region can be exposed to as a result of misusing this sector in the afore-mentioned transactions, to identify the challenges faced by the countries in regulating and also in supervising and monitoring this sector and how to compel it to comply with the AML/CFT requirements, which might require some legislative amendments, through the following:

- The clear understanding of the extent and scope of the ML issue through the real estate sector, by collecting data and reviewing the various papers and publications made by regional and international institutions and authorities.
- To identify the methods, tools and systems applied in the real estate sector and how they are being misused in ML transactions.
- The relation between the ML offences and the techniques used to conduct financial transactions related to the real estate dealings.
- To examine the legislative and regulatory frameworks of the MENAFATF member countries for the regulation of the real estate sector and for subjecting it to the AML/CFT requirements, in addition to the publications issued by the regional and international institutions and authorities in this regard; and to assist member countries to execute and use them in order to develop their national regimes and legislations, as well as their engagement and integration with the international standards in combating the ML transactions through this sector.
- To examine the main challenges and problems which arise in the course of detecting the operations through this sector.
- To examine the challenges facing the countries in recovering the assets associated with ML transactions through the real estate sector.
- To provide concrete examples of case studies that highlight the methods and techniques and indicate the measures applied to detect, confront and face ML cases through the real estate sector.

- To determine a list of evidence, indicators and any other information stakeholders can use to face them.
- To reach, through study, results and recommendations that help the MENAFATF member countries to regulate and give effect to supervision over the entities working in this sector and reduce the potential misuse of the sector in ML transactions.

In the context of the action plan of the project, and in order to obtain the required information, a questionnaire on a request for information and case studies was prepared and distributed to the MENAFATF member countries through the MENAFATF Secretariat, with a view to obtaining information and case studies, where nine countries took part in the questionnaire and provided case studies, as follows: the Arab Republic of Egypt, the Kingdom of Saudi Arabia, the Hashemite Kingdom of Jordan, the Republic of Sudan, the Sultanate of Oman, the State of Palestine, the State of Qatar, the State of Kuwait and the Republic of Iraq.

The most important sources and references used:

1. Case studies provided by member countries, where the number of cases studies covered by the study reached 12 cases studies on the use of real estate in money laundering.
2. Questionnaire regarding requesting for information.
3. Experiences and cases studies which were presented at the session intended for the typologies project on ML through the real estate sector during the joint typologies and capacity building workshop between MENAFATF and the African financial action task forces, which was held in Rabat, from 22 to 25 January 2018.
4. The laws, regulations, controls and instructions issued by several MENAFATF member countries.
5. Papers issued by international and regional authorities on the misuse of real estate in ML transactions.
6. Some information through news, press investigations and statements published on news and media websites and the Internet.

Scope of the project:

The scope of this study covers three main determinants, as follows:

- Objective determinants of the study: They have represented in focusing on the ML transactions through the real estate sector and proposing appropriate recommendations to combat the misuse of this sector.
- Spatial determinants of the study: They are related to the MENAFATF member countries which real estate sector is being misused to conduct ML transactions.

- Temporal determinants of the study: The study took into consideration all the modern electronic means which have emerged, or which have been used in the aforementioned MENAFATF countries to conduct financial transactions since the time they have emerged until the date of preparation of this study and those which have been exploited to conduct ML transactions, as shown by case studies.

The methodical way used in preparation of the report:

- The descriptive (analytical) approach: Through collecting and analyzing of all the data and information on the phenomenon of exploiting real estate in ML transactions, particularly those which will be collected through the questionnaire on the collection of information and case studies presented by the MENAFATF member countries, and through the relevant results which will be reached.
- The inductive (inferential) approach: By exploring the roots and cause of the problem until concluding the results and appropriate solutions.

Chapter 1: Legislative and Supervisory Framework

This chapter handles the legislative and supervisory framework that deals with the international AML frameworks by reviewing the international AML instruments, particularly those issued by the Financial Action Task Force (FATF) and the United Nations Convention against Transnational Organized Crime (Palermo 2000), in addition to the response of member countries which participated in the completion of the questionnaire on the request for information as regards information on relevant national laws and legislations. Challenges encountered by countries in the supervision and monitoring of the real estate sector and how to face them will be also tackled.

First Topic: International AML/CFT standards related to the real estate sector:

The international community recognizes that the ML offence is one of the most organized criminal activities that directly affect the legal economy and threaten the stability, security and sovereignty of countries; considering the serious negative effects of ML transactions and the large amounts of money laundered every year worldwide, international and regional efforts were jointly exerted to combat money laundering, by forming the Financial Action Task Force (FATF) in 1989, and the Middle East and North Africa Financial Action Task Force (MENAFATF) in 2004.

In view of the risk posed by the ML offence and considering its particular nature and the severe damages it causes to all the countries in the world at the economic, political and social level, the international outputs of that contribute to combating the various methods and techniques of this offence were introduced and we cite what is directly relevant to the subject of our research as follows:

(1) The FATF Recommendations:

It is the competent authority in charge of combating ML. With reference to the Recommendations that the FATF has issued and which are implemented at a large global scale and their effectiveness in successfully fighting ML offences, we find that the banks have enhanced their supervision and fight against suspicious activities which could involve ML transactions, by establishing specialized departments and divisions. These banks have issued their instructions to this effect based on the FATF Recommendations, including the (Know Your Customer) principle, customer due diligence, application of RBA, in addition to supervisory and monitoring authorities of these banks and FIs which have, in turn, imposed

AML/CFT instructions and sought to implement them as required, the criminal networks of various types found that the financial institutions are not convenient to conduct their criminal acts and that it is easy to discover them; therefore, they turned to other sectors that apply less stringent supervisory controls on ML and its combating, thereby finding their long-pursued goal in the DNFBP sector, which includes the real estate sector which is suitable thanks to its several features, given that it is a breeding ground for laundering their dirty money, hence the increasing risk of misusing this sector. On this note, we also mention that the persons working in various fields of the real estate sector could be also misused in ML transactions, without their knowledge; as a result, the FATF forty Recommendations emphasize on putting systems in place to prevent the misuse of the real estate sector in ML, given that this is very likely to happen, which requires countries to establish legislations to regulate, supervise and monitor the real estate practices to prevent their violation in order to achieve criminal targets and to educate those who work in the real estate sector about specialized instructions, guidance and sessions to enable them to recognize methods, techniques and indicators that would unveil the criminal behavior and how to avoid it and report them to the official authorities.

Accordingly, the first Recommendation of the FATF Recommendations require countries to identify, assess and understand the risks posed to the real estate sector, and to apply RBA in order to effectively mitigate the risks. Criterion No.4 of the same Recommendation mentioned that countries should have mechanisms that allow the provision of appropriate information on the results of the risk assessments to relevant competent authorities, self-regulatory bodies, FIs and DNFBPs.

The FATF Recommendations have also recognized the importance of the requirements of CDD, record-keeping and preparation of reports related to the real estate sector. In order to ensure the effective compliance with these requirements, it is important that the authorities notify the sector of its obligations and share certain sectorial indicators with this industry, the first criterion under Recommendation 22 noted that DNFBPs should be required to comply with the CDD requirements set out in Recommendation 10 in the following situations: Real estate agents, lawyers, notaries, other independent legal professionals and accountants, when they prepare for, or carry out, transactions for their client concerning the following activities:

- Buying and selling the real estate.
- Managing the client money, securities or other assets.
- Management of bank, savings or securities accounts.

- Organizing the contributions in relation to its creation, operation or management of the companies.
- Creating, operating or managing the legal persons or arrangements, and buying and selling of business entities.

The second criterion of the same Recommendation stated that the situations set out in the first criterion should be required to comply with the record-keeping requirements set out in Recommendation 11; while the third criterion of the same Recommendation stated that these situations should be also required to comply with the PEPs requirements set out in Recommendation 12. As to the fourth criterion, it stated that these situations should be required to comply with the new technologies' requirements set out in Recommendation 15 and according to the fifth criterion, they are required to comply with the reliance on third-parties requirements set out in Recommendation 17.

Recommendation 23 has also imposed other measures on DNFBPs, including the real estate sector, as follows: to apply the requirements to report suspicious transactions set out in Recommendation 20, subjected to several situations including: Lawyers, notaries, other independent legal professionals and accountants, when, on behalf of, or for, a client, they engage in a financial transaction in relation to the activities described in criterion 23.1. In these situations set out in criterion 23.1, DNFBPs, including the real estate sector, should be required to comply with the internal controls requirements set out in Recommendation 18, according to the second criterion, to comply with the higher-risk countries requirements set out in Recommendation 19, according to the third criterion, and to comply with the tipping-off and confidentiality requirements set out in Recommendation 21, according to the fourth criterion.

Recommendation 24 is about to the transparency and BO of legal persons, including those engaged in the real estate activity mentioned several criteria they should comply with in order to know the BO and not to be used as a front behind which the criminal networks seeking to launder their dirty money.; On this note, the first criterion noted that countries should have mechanisms to identify and describe the different types, forms and basic features of legal persons, the processes for the creation of those legal persons and for obtaining and recording of basic and BO information, and that this information should be publicly available. The second criterion mentioned that countries should assess the ML/TF risks associated with all types of legal persons created in the country, including those engaged in the real estate activity.

In this context, the third and fourth criteria of Recommendation 25 went even further by stating that all countries should take measures to ensure that trustees

disclose their status to FIs and DNFBPs, including those engaged in the real estate activity, when forming a business relationship or carrying out an occasional transaction above the threshold and that trustees should not be prevented by law or enforceable means from providing competent authorities with any information relating to the trust; or from providing FIs and DNFBPs, upon request, with information on BO and the assets of the trust to be held or managed under the terms of the business relationship.

(2) The United Nations Convention against Transnational Organized Crime issued in Palermo in 2000:

This Convention considered the ML offence as a transnational crime and countries should establish the necessary measures to combat it and to criminalize the laundering of all forms of the proceeds of crimes (including real estate and other property as a matter of fact) and other issues associated with the application of the ML offence and combating measures, seizure, confiscation, international cooperation and other relevant issues and provisions. On this note, most of the MENAFATF member countries have signed and circulated the United Nations Convention against Transnational Organized Crime to the General Secretariat of the Arab Interior Ministers Council, and most of the Arab countries have issued laws, regulations and instructions in the AML field, considering that the ML offence is one of the transnational crimes, including the ML offences through the misuse of the real estate sector.

Second Topic: Challenges encountered by countries in the supervision and monitoring of the real estate sector and how to face them:

First: Challenges encountered by countries in supervising and monitoring the activity of the real estate sector:

We can cite many challenges and difficulties relating to supervision and monitoring of the real estate sector to reduce its misuse in ML and in order to keep the real estate sector from being a breeding ground for criminal networks that seek to launder the proceeds of crimes as follows:

1. Absence of specialized supervisory and monitoring authorities in the country, which are mandated to supervise and monitor the real estate sector.
2. Deficient role of the supervisory and monitoring authorities to assume the functions entrusted to them, including the establishment of guidance and instructions that require the real estate sector to comply with the AML/CFT requirements and to implement RBA, due diligence, etc., or the lack of sufficient understanding of the requirements of this sector.
3. The plurality of supervisory and monitoring authorities in the country, in view of the absence of a clear regulation that requires each authority to

determine a specific type of competences, which makes each authority depend on another and criminal networks can capitalize on this.

4. While authorities concerned with supervision and monitoring were from the private sector in the country and have no cooperation with governmental institutions concerned with the receipt of STRs, and other relevant governmental authorities, through which the implementation of the AML requirements are ensured.
5. Failure to subject the real estate sector to the ML risk assessment, which leads to the absence of understanding of risks and threats in this delicate sector and the absence of measures to face these risks accordingly.
6. The multiple and diverse forms of real estate ownership and trading, which makes it difficult to know the BO behind it.
7. The fast and significant growth of the real estate sector, given that it is an attractive sector, which makes it at risk of ML activities in a different form, particularly that it offers attractive returns at low prices with considerable room for growth. This will not go unnoticed by many criminals.
8. The acceptance of real estate purchases and dealings which involve payments in cash is one of the major challenges, where the dealings are conducted away from the supervision of FIs, in the light of the weak implementation of the AML requirements by the real estate, which makes it a favorable environment for criminals to launder their proceeds of crime.
9. The large number of real estate brokers.
10. The weak awareness of ML risks among those working in the sector.
11. The difficulty to designate those working in the real estate field.
12. The methods used to transfer the ownership and their variance among countries.
13. The absence of the backward sequence of the ownership origins in the real estate sector.
14. The weak use of electronic applications in the real estate sector.
15. The failure of some countries to control parts of lands belonging to them.
16. Absence or irregularity of databases concerned with the inventory and registration of real estate and not updated periodically.

Second: How to face the challenges encountered by countries in supervising and monitoring the activity of the real estate sector:

Because the international standard in this field primarily focuses on prevention, it is essential to emphasize two types of measures to face the challenges:

- Detection of suspicious transactions before they are completed, to avoid the dirty funds being fed into the financial system.
- Analysis of these transactions in cases where it is impossible to detect suspicious activity in order to detect such activity in the future.

We can cite several factors that help countries face the challenges of supervising and monitoring the real estate sector and limit its misuse in criminal ML activity, as follows:

1. To promulgate legislations and regulations which regulate the real estate sector and designate the authorities concerned with the supervision and monitoring of this sector.
2. To put in place guidance and instructions that help those working in the real estate sector implement the AML requirements and apply RBA, due diligence and other requirements.
3. In the event where there are several supervisory and monitoring authorities of the real estate sector, the mandates of each should be determined through legislations and regulations to be issued by the country, where each authority would perform its duty as required.
4. To raise awareness among supervisors if they were from the private sector, to reflect it on the real estate sector.
5. To subject the real estate sector to the ML risk assessment on an on-going basis and to know the ML patterns and trends.
6. To lay down preventive measures based on the risk assessment, in consistency with the true state of the sector.
7. To ensure that the true beneficiary behind the forms of the real estate ownership in the country.
8. To keep abreast of the fast and exponential growth of the real estate sector ,so as to make it an unattractive sector for misuse in ML transactions by criminal networks.
9. To reject real estate purchases and dealings in cash and to conduct them through financial institutions.
10. To promulgate regulations that help designate real estate brokers and workers and to bind them to receive their entitlements through FIs.
11. To raise awareness of ML risks among those working in the sector.
12. To document the backward sequence of the ownership origins in the real estate sector.
13. To regulate the methods of ownership transfer in the real estate sector, to make them exposed and traceable and to prevent their misuse in the criminal field.
14. To set up dissuasive sanctions which include the deprivation of criminals from their criminal proceeds.
15. To increase the number of observers and supervisors in consistency with the size of the real estate sector in the country.
16. Not to enable any person to engage in the real estate activity before obtaining the necessary licenses and being informed of the AML requirements and the mechanism for reporting the suspicious transactions.

17. To establish the electronic link for real estate transactions with the supervisory and monitoring authorities, thereby enabling them to detect suspicious transactions.

18. To raise awareness and hold workshops targeting those working in the real estate sector about the ML risks and misuse of the sector in ML.

Third Topic: National legislations of the MENAFATF member countries:

This topic will handle the national legislations which regulate the real estate sector in the member countries, as they stated in their response to the questionnaire on the request for information, in addition to the legislations specialized in the real estate sector to implement the AML/CFT requirements and the entities concerned with the implementation of these legislations. They comprised the following:

First: The National Legislations which regulate the work of the companies and entities engaged in the Real Estate Sector:

Country	The Content of The National Legislations of Member Countries
Jordan	<ul style="list-style-type: none"> • It subjected the real estate offices to the supervision of the Department of Land and Survey under the administrative regulation of the Department of Land and Survey for 1999, where the mandates and powers of the real estate offices were cited and the most important of which is the regulation of the profession of the survey and the real estate offices. • According to the provisions of law No.38 of 1980, regulating the profession of survey and real estate offices and its amendments: (a) No person shall deal in buying, selling, or brokering in the buying, selling, or renting, of lands and real estate unless in a private real estate office after obtaining a license issued according to the provisions of this law and regulations issued thereunder, (b) A person shall be considered engaged in the activities of buying and selling of lands and real estate if he exercises any of those activities on a regular basis”. • The bylaw No.53 of 2001 regulating the real estate offices and its amendments set out several clauses and the most important of these conditions when applying for the license of a real estate office are represented in the following: <ol style="list-style-type: none"> 1. To successfully pass the test prescribed in the transactions for the registration of lands and the reading of maps and panning according to the instructions issued by the director for this purpose. 2. Not to be an employee in any governmental authority, public official institutions, public institutions or municipalities. • To form a committee for licensing and monitoring real estate offices at the Department, having the following functions: <ol style="list-style-type: none"> 1. To study the applications for the license submitted to the Department. 2. To verify that the real estate office is compliant with the conditions and requirements set out in this bylaw. 3. Obligations of the owner of the real estate office, when he accepts to act as an intermediary between those dealing with him, including the inspection of the premises, the verification of the information provided by the concerned persons and its cross-reference with the registers and entries of the Department of Land and Survey, the provision of a correct and accurate description of this premises to those dealing with the real estate office.

<p>Sudan</p>	<ul style="list-style-type: none"> • The companies registrar general at Ministry of Justice regulates the business of companies in general, in terms of registration, licensing, liquidation and other measures, according to the Companies Law of 2015, given that the commercial registrations are managed by one of the departments relevant to the registrar which handle any issue relating to commercial registrations, the process of registering real estate companies and the supervision of registrations entrusted to Minister of Justice. Ministry of Justice regulation for 1983 determined the competences of the Department which are represented in the registration and follow-up of companies, according to the law and the registration of business names according to the business names registration law of 1931 and the registration of commercial agencies according to the commercial agent's registration law of 1971. • The work of the real estate intermediaries is regulated by the chamber of real estate offices, knowing that there is a law under process which is expected to be issued in the current year.
<p>Egypt</p>	<ul style="list-style-type: none"> • The real estate financing law No.148 of 2001, amended by the President of the Republic decision No.55 of 2014, articles (6/11/28/33/24) was issued. • Real estate intermediation: The Commercial Code No.17 of 1999, chapter 6 (articles 192 to 207), • Law No.114 of 1946 on the regulation of the real estate annotation • Law No 68 of 1947 on documentation • Law No.59 of 1979 on new urban communities
<p>Bahrain</p>	<p>It issued law No.(27) of 2017 on the regulation of the real estate sector, given that the Real Estate Regulatory Authority was established, and it directly handles all the necessary functions and powers to regulate the real estate sector in the Kingdom (in terms of development, intermediation, real estate valuation) and it shall particularly undertake the following:</p> <ol style="list-style-type: none"> 1- Providing and implementing a national plan in respect of regulating the real estate sector including the strategy and general policy in respect of the sector, taking into consideration the country's policy and economic and social development plans, 2- Collecting and analyzing data, information and statistics related to the regulation of the real estate sector in the Kingdom, so that the Authority shall become a main source for data, information and accurate statistics in respect of the real estate development sector in the Kingdom. <ul style="list-style-type: none"> • The Authority shall seek to update such data on a regular and continuous basis to reflect the reality of the real estate sector in the Kingdom. • The Authority shall, in this respect, prepare reports to be published through appropriate means as specified by the Board of Directors, to provide the general public access to the same. • Proposing programs and policies to promote the real estate sector in respect of matters outside the scope of the Authority's functions and providing the same to the concerned authorities. • Raising awareness and providing guidance to those working in the real estate sector. • Setting rules, issuing implementing regulations and decisions necessary to implement the provisions of this Law, including the rules, regulations and decisions, where several clauses including the following were determined: <ol style="list-style-type: none"> 1) Procedures for licensing developers.....2) Obligations and duties of developers 3) Funding methods related to the Off-Plan Sale project, which include that the developer may not rely entirely on the funds and amounts received from the buyers of the Off-Plan Property Units for financing the project. 4) Creation of an Off-Plan Sale Register to register all the projects constructed by the real estate developers, and these projects may not be announced in the media before their registration.

	<ul style="list-style-type: none"> 5) Procedures for Licensing the Practicing of Real Estate Brokerage 6) Creating “Real Estate Brokerage Register”, in which all and information related to those licensed to practice Real Estate Brokerage shall be recorded. 7) Obligations and duties of Real Estate Brokerage licensees. 8) Conditions governing the commission of Real Estate Brokers. 9) Conditions governing the licensing of practicing real estate valuation, which include that it is prohibited to practice the Real Estate Valuation profession in the Kingdom except after obtaining a prior license from the Real Estate Regulation Authority. 10) Obligations and duties of real estate valuation licensees, which include that every real estate valuation licensee shall maintain a register in which all details of property valuation transactions he has conducted shall be entered, provided that such details shall include a description of the valued property, the value thereof and the method used to obtain this valuation. ⇐ As regards sanctions, they include without limitation a prison term of not more than two years, and a fine of not less than one thousand Bahraini Dinars and not more than fifty thousand Bahraini Dinars, or either of the two penalties shall be imposed in the following cases: <ul style="list-style-type: none"> 1. If the real estate developers submit to the Authority false or misleading information contrary to what is mentioned in the records, statements or documents under his disposal. 2. If he conceals from the Authority any information records or documents which he must provide the Authority or enable the Authority to access them to carry out its functions prescribed under this Law.
<p>United Arab Emirates</p>	<ul style="list-style-type: none"> ⇐ The Real Estate Regulatory Agency was established under law No.16 of 2007. It aims at licensing all types of activities relating to the business of the Agency, including the following: <ul style="list-style-type: none"> 1. License, regulate, supervise and monitor activities relating to the conduct of the real estate development activity in the Emirate (real estate brokers offices - companies and corporations engaged in the management of real properties and residential compounds). 2. Provide support and advice to clients on the principles of valuation of buildings in accordance with the latest relevant approved standards in this field. 3. Issue statistical reports and specialized research and studies on the real estate market, including preparation of bulletins and information that support such studies and contribute to raising awareness about the real estate market in the Emirate. 4. Prepare and implement programs and projects that contribute to promoting the role of UAE nationals in the real estate sector and encourage them to work in this sector. 5. Develop and implement educational and awareness programs on the rights and duties of parties involved in the real estate sector. ⇐ Law No.(7) of 2017 on the establishment of the Land Department. This Department aims at regulating, registering and encouraging investment in real estate in order to achieve the following: <ul style="list-style-type: none"> 1- To keep up with the latest international real property registration systems. 2- To improve the effectiveness of the real property regulation and control in the Emirate. 3- To propose the legislations regulating the real property sector in the Emirate, conduct post-application evaluation of such legislation, regulate the relationship between landlords and tenants, and register lease contracts of real property units. 4- To provide real property valuation services.

	<p>Executive Council Decision No.(37) of 2015 regulating the practice of real estate valuation in the Emirate of Dubai, where the authority responsible for the supervision of the real estate sector was designated.</p> <p>← Law No.(13) of 2012 on the establishment of Dubai Real Estate Institute, such Institute aims at the following:</p> <ol style="list-style-type: none"> 1) To encourage nationals to increase their participation in various real estate activities, to qualify them and to develop their skills in this field. 2) To prepare and execute diverse training programs in the real estate field ,to qualify those working in the real estate market, whether at the local, regional or international level, from developers, brokers and others whom practice real estate activities, according to the best international standards and practices applied to this end. 3) To organize seminars, workshops and conferences in the real estate field aiming at studying issues related to the real estate market and proposing relevant strategies and appropriate solutions. 4) To organize educational sessions for landlords, tenants and investors with a view to raising their awareness about the issues relating to their rights and obligations. 5) To issue the special qualification certification: <p>← Decree No.(4) of 2010 regulated the grant of title to allotted industrial and commercial land in the Emirate of Dubai was issued.</p> <p>← Bylaw No.(1) of 2010 to amend some provisions of bylaw No.(3) of 2006 determined areas for ownership by non-UAE nationals of real property in the Emirate of Dubai.</p>
<p>Oman</p>	<p><input checked="" type="checkbox"/> Royal decree No.78/86 regulating brokerage business in real estate activities, amended by Royal decree 91/2010 included the following:</p> <p>← Business terms for the real estate brokers:</p> <ol style="list-style-type: none"> 1- Persons working in the real estate brokerage field are required to pass a training course specialized in the real estate field before obtaining a license to practice the profession, provided that Ministry of Manpower lays down the controls and mechanisms to pass this course. 2- Those licensed to practice the brokerage profession in the real estate fields should provide Ministry of Housing with the licensed issued to them and their number of registrations, in order to register them at the said Ministry. 3- To maintain registers of all the transactions and dealings in which he acts as a broker, while keeping the records of completed transactions for a period not less than 5 years. 4- To report any change in the address of the office or the business place to the Professions and Handicrafts Division at the Companies Affairs Department within 15 days from the change. <p>← The conditions of the contract require that the contract should be made in writing in which the names of the contracting parties, the specifications of the real estate, the conditions of brokerage, the broker's fees and any other data are indicated.</p> <p>← To impose a sanction to pay a penalty in case the violation is repeated once, and the sanction to suspend the person in breach from practicing the profession for a period not exceeding six months,, and in case the violation is repeated, he may be sentenced to permanent suspension from practicing the profession, the withdrawal of his license and his deregistration from the real estate brokerage register, according to the amendments of the law regulating brokerage activities in the real estate sector, by virtue of Royal Decree No.91/2010.</p> <p><input checked="" type="checkbox"/> Ministry of Housing was designated as the authority responsible for registering all the acts, original and consequential real rights accruing from the real estates, authenticating the instruments and relevant legal</p>

	acts, according to the real estate register bylaw and issuing title deeds according to Royal Decree No.64/2014.
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Second: Legislative texts and supervisory instructions issued as regards the entities working in the field of real estates concerning the AML/CFT requirements:

This clause comprises the requirements imposed by the supervisors of the entities subjected to the AML/CFT requirements and concerned with the real estate sector. It also covered a group of the MENAFATF member countries through the response to the draft questionnaire on the request for information, as follows:

Jordan:

The AML/CFT Law stated that the following entities should comply with the procedures set out in this law and the regulations, and instructions and decisions issued by virtue of any of them:

- Non-financial entities which include persons or entities working in real estate trading and development.
- Persons or entities which undertake, on behalf of others, the sale and purchase of real estates.

The AML/CFT instructions of 2018 issued to the real estate offices stated that the provisions of these instructions are applicable to each of the following:

- a. Offices operating in the Kingdom.
- b. Foreign branches and subsidiaries outside the Kingdom.

In addition to the foregoing, article 12 of the bylaw No.53 of 2001 regulated the real estate offices and its amendments stated that the owner of the real estate office should undertake to implement the AML/CFT instructions issued to licensed real estate offices. The director shall form one or more committees to inspect the real estate office to verify their implementation of the instructions set out in clause (2) of this law". Article 20 of the AML/CFT instructions of 2018 issued to licensed real estate offices stated that "the office shall be subjected to the supervision of the Department of Land and Survey as regards its compliance with and verification of the AML/CFT requirements. The provisions of article (12) and article (16) of the bylaw No.53 of 2001 regulated the real estate offices and article (6) of law No.38 of 1980, regulated the profession of survey and real estate offices and its amendments which shall apply to the office.

Sudan:

Persons practiced the trade of real estate when concluding dealings related to the purchase and sale of real estate for the account of the customer are listed among the non-financial institutions. They are required to comply with the AML requirements (including the rules for the identification of customers, record

keeping and other requirements) set out in the AML/CFT Law of 2014 and its subsequent amendments.

Egypt:

The Council of Ministers decision No.2676 of 2008 was issued and required to add the entities working in the real estate brokerage and other entities to FIs set out in the AML/CFT Law No.80 of 2002.

Supervisory AML/CFT controls were also issued to subject those working in the commercial intermediation market in the real estate brokerage field, by virtue of Minister of Commerce and Industry decision No.1094 of 2008, which include the customer identification rules, as well as refraining from dealing with anonymous persons or persons with fictitious names, the procedures for reporting transactions of purchase or sale of real estate which are suspected to involve ML, suspicious indicators of ML transactions, including but not limited to the purchase or sale of a real estate at a value that is absolutely inconsistent with its real value compared to the market prices or the real estate prices in the same region, and the purchase of real estates in the name of another person who have no clear link or justified relationship with the customer.

Oman:

Real estate brokers and agents who are listed among DNFBBPs were subjected to the AML/CFT requirements by virtue of the Royal Decree No.30/2016, as well as the lawyers, notaries, accountants and auditors, when they prepare or carry out a transaction for their customers or on their behalf, as regards the sale and purchase of real estates.

It is worth mentioning that the above laws, rules and regulations in the field of combating money laundering through the real estate sector were linked with the financing of terrorism, as discussed in the third and fourth section of the first chapter is an introduction to what will be presented in detail in the third section of the second chapter.

Chapter 2: Overview on real estate sector, AML measures and supervisory bodies

This Chapter will provide a brief overview about the ML concept, a general overview about the real estate sector and some concepts and terminology as an introduction. The Chapter will include three topics dealing with the structures of real estate sectors in member countries, including the different types of companies and entities operating in the sector. It will also address the volume of real estate activities in all their types, their importance compared to other economic activities and their impact on the development of member countries. It will then address regulatory and supervisory authorities and their AML coordination.

As is well known, money laundering means “any act to conceal the origin of illegally obtained money and make it look legitimate”. Accordingly, the term means that as long as this illegally obtained money remains with its owner, it will not be legitimate. It will lead to the discovery of their activity. Money laundering is therefore an attempt to conceal the illegal origin of this money. ML crimes have become a global issue and a major concern for most countries because of their grave economic and social consequences. This launched a race among countries to adopt firm laws and measures to eradicate this phenomenon which has spread recently and affected world economies.

Therefore, ML is another form of organized crime through which criminals attempt to convert illegal money into legitimate money. They then introduce this money to the official financial sector and start paying taxes for it after mixing it with legitimate money. Many methods and tricks are used for ML such as:

- Buying valuable assets (real estate, cars, stocks, antiques, jewelry...). Crime proceeds are invested in the purchase of high value easily traded goods to benefit from the lack of reporting requirements and hide the source of these proceeds.
- Investing in financial markets by purchasing negotiable bonds.
- Using front companies.
- Using professional services (lawyers, accountants, real estate agents, etc.).

First: Overview on the real estate sector and some general real estate concepts and terminology:

In general, the term “real estate” is used for stable, fixed, immovable assets. They are permanent and cannot be moved, and therefore cannot be transferred from one place to another without damage, for example buildings, houses and others.

Modern international laws classified real estate into three categories:

- a. **National property** and it is classified into two types:
 - **Public property:** every real estate property directly or indirectly used by people, such as public roads, public facilities (airports), and public services (courts and schools).
 - **National private property:** property and real estate which has no owner, is not an inheritance, has no heir and its owner is unknown.
- b. **Private property:** it is a private property to a person and cannot be used by the public. Its ownership is based on the freehold concept. This means it is owned by one individual or by many. In that case, each owner must define their share of the property.
- c. **Waqf property:** It is split into two types: **1. Public Waqf:** Property that belongs to charities or mosques. **2. Private Waqf:** Property reserved for specific individuals who can be offered waqf.

This property is categorized according to its purpose, nature and use. Every category is based on a specific purpose. These properties include agricultural real estate, industrial real estate, commercial real estate, residential real estate, vacant – unused – land, public recreational real estate such as parks and private real estate such as airports, seaports, hospitals and schools.

According to many studies, the real estate market represents 70% of people's wealth. However, real estate terms are misunderstood by people and even specialists. For example, the terms "real estate broker", "real estate developer" and "real estate marketer" are often confused and called "realtors" even though their work is tremendously different. This can be attributed to a lack of familiarity with real estate terminology. It was therefore necessary to raise awareness of the most common real estate terms, including, but not limited to:

- 1- **Client, Customer or Buyer:** A person or entity that has the desire and ability to pay for the property and make a decision.
- 2- **Real Estate Marketing:** A fully integrated science that examines the real estate ownership needs and desires of current and future customers and fulfills them in exchange for an acceptable profit for the company. This happens through research, inquiry and asking customers about their desires and aspirations.
- 3- **Property Investment:** Making money and investing it in the real estate sector, either by leasing the property and guaranteeing a fixed monthly income or by buying a property and selling it after some time to make acceptable profit for the investor.
- 4- **Property Development:** A process by individuals or companies to develop or improve neglected or old real estate units either to benefit from their location or to increase their investment value.
- 5- **Mortgages:** A financial loan that enables the borrower – whether an individual or an institution – to buy a property. Their ownership of the property

represents the loan security. In other words, the property remains mortgaged until the loan is paid.

- 6- **Real Estate Swap:** Buying a property with another property, valuable bonds, or money and property.
- 7- **Valuation:** Determining the price of a real estate unit to sell it or for other purposes.
- 8- **Property Management:** Many investors own administrative and residential buildings but do not have the time or expertise to deal with the day-to-day work they require. They therefore ask excellent real estate brokers to manage their property.
- 9- **Sale on Credit:** The property ownership is transferred in exchange of a cash amount paid to the seller after an agreed period of time.
- 10- **Broker:** The person who introduces the seller to the buyer in order to obtain a commission without having a Property Brokerage license.
- 11- **Real Estate Broker:** The person who introduces the seller to the buyer in order to obtain a commission. This person has a Property Brokerage license.
- 12- **Real Estate Agent:** It is a real estate broker who completed an advanced, specialized real estate marketing course then received a real estate marketing license. This person signed legal contracts with real estate developers to exclusively market their products.
- 13- **Seller or Owner:** A person or a construction company that wishes to transfer ownership of a property in exchange for cash, a swap or both.
- 14- **Real Estate Consultant:** A person who advises individuals and companies on buying and investing in real estate.
- 15- **Commission:** The fees charged by a real estate broker in exchange for services provided to both the buyer and the seller. The commission is a percentage of the transaction value.
- 16- **Deposit or Earnest:** A non-refundable amount provided to confirm the desire to buy. It should not exceed 2.5 percent of the actual property value.
- 17- **Instrument or Deed:** A document proved the ownership of a real estate unit.
- 18- **Conveyance or Assignment:** The process of assigning ownership of the property and its deed by the owner to the buyer in exchange for an amount of money equal to the value of the property.
- 19- **Finishing:** When the finished materials are applied to the rough.

Second: dealing and crossed entities in real estate:

The real estate sector is one of the most important sectors promoting economic growth in countries in the modern era. According to the above classification, the nature and objectives of real estate intermediaries differ. However, parties dealing with real estate can be split into two main categories according to their objective:

1- **Government entities or self-regulated sectors:**

Government entities or self-regulated sectors, in the case of some countries, are parties that deal with real estate and regulate the sector. They adopt regulatory legislations, enact laws and address disputes, ownership, rights and other matters. These entities often seek to own public property through which services are provided to a particular community free of charge or in exchange for an amount that covers the expenses of the property's operation, maintenance and service continuity (this of course does not prevent these entities from carrying out other investment activities to achieve this objective, such as leasing, benefitting from the endowment, or other activities).

2- **Other private entities:**

Any entity which cannot be classified in the first category and which deals with the real estate sector to achieve special benefit or to invest because real estate investments have important benefits: they have good, expected returns and a direct impact on people and economies. They also play a major role in changing social trends. Investment was therefore the backbone of modern and developing economies, especially infrastructure.

Many Arab countries are a fertile ground for investment. However, some factors, such as the political and social situations, may increase reluctance in investors. Experts generally agree that investing in the real estate market is one of the safest types of investment because there is a constant need and demand for a home or a place to work. The only change is the volume of demand which depends on many variables. Investing in real estate is among the most profitable types of investment. It has therefore grown into the most common economic activity among people in general. This business is not limited to professionals. It is open to any individual who wants to safely and stably increase their income.

Examples of private entities dealing with real estate ,that are under our interest in this study, which include the following:

1- **Real estate development companies:**

It is a type of multi-faceted business. It includes many activities, starting with repairing and renovating or leasing existing buildings to purchasing vacant land and selling them once they are developed. Real estate developers coordinate these activities and transform real estate innovative ideas into reality on the ground. It is necessary to differentiate between real estate development and the construction industry. A real estate developer buys the land and funds the project which is later implemented on the property by a construction contractor.

2- **Real estate marketing companies:**

Real estate marketing companies are companies which produce real estate that can be sold and “NOT” sell produced real estate. They organize many marketing

events and activities to transfer the ownership or lease real estate and to get acquainted with the needs of current and future generations, so they can meet them, ensure the society's well-being, achieve their objectives, and advise on prices, location and other matters. The most important events and activities by real estate marketing companies include the following:

- Leasing or transferring the ownership of real estate through negotiations and ensuring convergence of views between buyers and sellers or owners and tenants.
- Pricing properties in different forms.
- Providing marketing advise on prices, best locations and other matters.
- Identifying the different real estate needs of current and future generations (residential, commercial, agricultural, industrial, recreational, service, religious...).

3- Real estate agents and brokers:

They are among the most important parties deal with the real estate sector. They are largely present with an increasing number in different countries. They represent the largest percentage of real estate buyers and sellers. Real estate agents and brokers are individuals or institutions that provide real estate services such as the leasing and selling of the real estate and land. They also provide non-brokerage activities such as the management of property and asset in exchange for a specific fee.

4- Real states Brokers:

A broker or a real estate salesperson (often called real estate agent) is the intermediary between real estate sellers and buyers. They complete the sale and documentation of real estate transactions between the buyer and seller. Brokers usually receive a commission to successfully complete the process.

5- Real estate investment companies:

Companies that purchase a land where a project will be implemented. These companies are often construction companies, which means they are equipped with the necessary tools, equipment and technical workers needed for the construction. Once the project is completed or as it is implemented, the company markets with its units. In other words, real estate investment companies are more than real estate contracting companies.

First Topic: Structure of the real estate sector in member countries, including various types of companies and entities working in the sector:

This section will address the types and nature of real estate sectors in the member countries, their different companies and entities (buildings, lands, residential

complexes, touristic, agricultural and industrial) in accordance with various measures adopted by member countries.

1. Oman:

In Oman, registration and documentation in the real estate sector mainly depends on the presence of the parties to the contract themselves (the seller and buyer) or their legal representatives who hold a power of attorney issued by the Notary Public at Ministry of Housing's Property Registry. At the Registry, all legal transactions are documented (sale, purchase, swap, gifting, mortgage – as a security or a possessory pledge). The Registry also documents judicial sales and any judicial decision issued by a court after an auction. It registers inheritance rights, wills and other legal actions relating to real estate, whether the property is a vacant land for all uses (residential, commercial, industrial, agricultural) or an existing building (villa, apartment, building). The Property Registry Act adopted in Royal Decree No. 2/98 and its Regulations defined the right of ownership, and other original and ancillary real rights. It also defined the procedures of registration, settlement and documentation of property unit and settlement rights, fees and penalties. According to Article 1, “the system aims at controlling the right of ownership and other real rights which are presented to the Property Unit in order to achieve the necessary protection for the property ownership and other real rights, and to ensure stability and transaction thereunder.”

According to Article 7, “The Land Registry Office and its branches shall prepare a personal alphabetical index to record the properties of each owner on the basis of the data established in the Land Registry.” Moreover, Article 13 stipulates that “The Land Registry Office and its branches shall be competent to register and notarize the legal instruments and acts made with respect to the Property Unit and to the changes thereto; each within its respective sphere of competence.”

If the transaction is carried out through a power of attorney, the latter must be issued by an authorized entity and should specify the type of action to be carried out. Article 44 stipulates “The power of attorney, in the implementation of the provisions hereof, shall mean the contract which allows the attorney to carry out a specific action in favor of the constituent. The attorney may not contract with themselves unless the same is stipulated expressly.” And according to Article 45, “The power of attorney must be specific, explicit, and stipulate the act to be made, in particular the act of sale, mortgage, donation, division, or waiver. The power of attorney that contains general terms shall only empower the attorney to carry out management work.”

Real estate brokers, real estate development companies and commercial banks – in terms of real estate financing, investment funds and integrated tourism complexes – are part of the Omani real estate structure. The types of real estate

that can be dealt with are as the following: vacant residential, commercial residential, industrial, touristic and agricultural lands and buildings. There are some legal restrictions on certain types of property in certain locations determined by applicable laws.

Article 1 of the Royal Decree No. 12/2006 Issuing the system of rules of Non-Omanis ownership of Real Estate in integrated tourism complexes allowed Omani and Non-Omani legal and natural persons to own – through legally prescribed ownership methods –land or property units in Integrated Tourism Complexes licensed by the competent parties for housing or investment purposes.

With regards to companies, Ministerial Decision No. 92/2017 was adopted to regulate the work of Omani commercial companies fully owned by Omanis or GCC nationals, Omani public shareholding companies of whose capital Omanis own at least 30 percent at the time of establishment, and Omani closed joint stock real estate development companies of whose land capital Omanis own at least 30 percent in accordance with the following regulations: a) the land area is at least 5.000 m²; b) the company has the financial solvency to execute the project; and c) marketing and promotion of the real estate development project for the purpose of ownership can only begin after obtaining the necessary approvals and permits from competent authorities. According to Article two of the Decision, it is prohibited for companies not fully owned by Omanis to own land in some areas.

As for real estate investment funds, Ministerial Decision No. 95/2017 allows them to own property necessary for the practice of their licensed activities. They can buy in line with the following regulations: a) the real estate property they want to own shall be existing; b) the property they may own shall be limited to commercial, residential commercial, industrial and touristic real estate. They may acquire existing residential complexes provided their area exceeds 10.000 m² (ten thousand square meters). They are prohibited from acquiring property not fully owned by Omanis and may not request purchasing property in certain areas specified in the Decision.

As for the payment of purchase fees, it can be done electronically or through checks certified and registered at banks operating in Oman.

2. Jordan:

Most real estate agents and brokers deal with three main types of property. These types have a high turnover on the market because they have high demand and are easily traded. They include residential real estate, vacant lands of all purposes, and commercial real estate such as hotels and shops.

According to the current practice, real estate is registered at the Department of Lands and Survey either by the contracting parties (the original owner), through

the real estate office as the contract mediator or through the legal representative (holder of a power of attorney). Real estate is sold and bought at the Department of Lands and Survey in accordance with Article 2 of Law No. 49 (1953) which stipulates "All disposition transactions relating to public lands, dedicated lands, private lands, municipality building tax (musaqafat), and the authority to issue official bonds relating to such transactions shall be confined to Lands Registration Departments." According to this text, Immovable Property can be defined as public lands, dedicated lands, private lands, municipality building tax (musaqafat).

The State adopted general provisions on all types of powers of attorney in accordance with the Jordanian Civil Law. The amended Law on Immovable Property No. 51 of 1958 includes provisions on special and irrevocable powers of attorneys and their validity in Article 11.

On another hand, Law No. 47 of 2006 in Article 3, 4, 8, 10, 11 and 13 allowed foreigners and legal persons to own real estate in Jordan provided they acquire the necessary approvals from competent authorities in terms of the real estate area and location and security approvals, on the basis of reciprocity. This condition however does not apply to Arabs. A foreign natural person may acquire real estate in Jordan for housing purposes, or for their family in line with applicable regulations after receiving the approval of the Department of Lands and Survey Director General, provided the property does not exceed two houses and one office for work. If they want to acquire more, they need the approval of the Minister of Finance upon a recommendation by the Department of Lands and Survey. In that case, the property shall not exceed 10 dunums. If the person holds two nationalities, they must be disclosed, and the principle of reciprocity is applied to both nationalities on pain of nullity. Foreign legal persons may, subject to the approval of the Minister of Finance upon a recommendation by the Director General of Department of Lands and Survey, acquire immovable property in line with applicable regulations such as "accredited diplomatic missions, and accredited Arab, regional and international organizations."

Any legal person may, according to their registration documents, acquire immovable property necessary for business, in line with applicable regulations, with the approval of the Minister of Finance upon a recommendation by the Department of Lands and Survey, provided the land area does not exceed 30 dunums¹. If it does, they must obtain the approval of the Cabinet.

The Law also stipulates that any person who owns immovable property according to its provisions shall complete their project within three or five years after acquiring the property, depending on the situation. If the period expires before the completion of the project, it may be extended for the same period one time upon a

¹ 1 dunum = 1.000 square meters

decision by the Minister. If any of these periods expires before the completion of the project, the Department of Lands and Survey shall annually collect from the landlord 5 percent of the property's market value estimated by the Director, for a maximum of ten years after which the property is sold at auction. If the property was not sold by the owner, its price shall be paid to them.

Sale and purchase transactions are rarely paid in cash. They are often paid in certified checks. In the very few cases where they were paid in cash, the value of the property was low. Moreover, ownership may be through mortgage contracts or through real financing contracts which end in ownership.

3. Saudi Arabia

Transactions in the real estate sector in KSA are carried out by many parties: a) real estate finance companies which enable individuals to own residential properties; b) real estate agents; c) clients (seller and buyer); d) real estate development companies; e) legitimate powers of attorney. This system allows for the verification of powers of attorney to ensure they are valid and in force.

Lands and real estate are divided into vacant land, residential, commercial, industrial and agricultural real estate. Most real estate transactions are carried out by real estate brokers (56 percent), real estate marketing companies (27 percent), and others (17 percent).

The Law of Real Property Registration was adopted in Royal Decree No. M/6 of 11/2/1423H. It regulates the registration of real estate units. In Article 1, it defines the Land Registry as a set of documents which include the description, location, legal status, rights and obligations, and amendments of each property. The Law also defines a real estate area as a group of real estate units defined by main streets and fixed and clear landmarks.

According to Article 9 of the Law, the Ministry of Municipal and Rural Affairs and Ministry of Justice shall be responsible for real estate registration and documentation. The Department of land and survey at the Ministry of Municipal and Rural Affairs lists real estate units and carries out cadastral surveys while the Real Estate Registration and Documentation Department at the Ministry of Justice records and documents rights of real estate units in its jurisdiction.

It is worth noting that companies operating in the real estate sector in Saudi Arabia are finance companies. Royal Decree No. M/51 of 13/8/1433 H was adopted to regulate their work which shall not violate the provisions of Islamic Sharia according to amended Article 3.

Royal Decree No. M/51 of 13/8/1433 H was adopted to regulate the mortgage finance system. In Article 1, a mortgage is defined as a forward payment contract

that allows the beneficiary to own property to live in. The beneficiary is the natural person who receives the mortgage.

Electronic systems used in Saudi Arabia in the real estate sector include the “Comprehensive Property System” through which all real estate deals are recorded, and “Absher” which is directly linked to the Ministry of Interior’s database. In Absher, the identity of the real estate deal parties can be verified thus facilitating the tracking of transactions and their parties.

The Law of Real Estate Ownership and Investment by Non-Saudis issued in Royal Decree No. M/15 of 17/4/1421 H established a system that allows non-Saudi residents to own a property for housing purposes after receiving the approval of competent authorities (the Ministry of Interior) provided they do not acquire any property in Mecca or Medina. Paragraph a of Article 1 allows non-Saudi investors to “purchase buildings or lands in order to erect buildings on them and invest them by means of selling or renting. The total cost of the project, land and construction shall not be less than thirty million riyals. This amount may be amended by the Council of Ministers. Non-Saudi investors shall invest this real estate within five years of purchase.”

Ownership by non-Saudis is subject to specific regulations and procedures. The approval of the Ministry of Interior is needed for individuals, while investors need the approval of the Ministry of Commerce and Investment. All these cases are subject to the Law of Real Estate Ownership and Investment by Non-Saudis issued in Decision No. 89 of 8/4/1421 H by the Council of Ministers. This Law regulates the ownership of real estate by GCC citizens in GCC Member States for housing and investment purposes.

Other than that, in general, foreign nationals are not allowed to own property in Saudi Arabia.

Sale and purchase transactions in the Saudi real estate sector are made by certified checks or bank deposits according to Circular No. 13/v/5817 of 7/10/1436H and No. 13/v/6322 of 19/8/1437H.

4. Palestine:

As for the land in Palestine, it is one of the most complicated issues in view of the reality in Palestine. Land in Palestine has a special character which makes it different from land in other countries. It is divided in the Oslo Agreement into Areas A, B and C.

Area A is under the control of the Palestinian Authority and represents 18 percent of Palestinian territory. Area B is under the administrative control of the Palestinian Authority and joint Israeli-Palestinian security control. It represents 22 percent of Palestinian territory. Area C is under Israeli occupation and

represents around 60 percent of Palestinian territory. The Palestinian Authority has no control over it.

Settling and establishing ownership in the Land Registry is a problem in Palestine because of the absence of a proven settlement in official agencies. Recently, only 33 percent of land in Areas A and B were settled.

The organizational structure of real estate sale operations shows that they are carried out by several parties (direct sale between the seller and the buyer, through real estate brokers, development companies, or marketing companies, and through lawyers). Most real estate transactions are carried out by lawyers, followed by real estate development and marketing companies. Lawyers know all the laws which allows them to have real estate sale powers of attorney.

Unsettled land is sold through a “periodic power of attorney” at the Notary Public instead of an ownership transfer registered at the Land Registry. This type of power of attorney is regulated by Article 3 of the amended Law on Immovable Property No. 52 of 1958 related to ordinary sales which stipulates that “the ordinary sale through a power of attorney of Amiri lands and owned property in areas unsettled or excluded is valid if the buyer’s actual act took place 10 years earlier in the case of Amiri lands and 15 years earlier in the case of owned property.”

Article 11 paragraph 1 of the same Law addressed the validity of the periodic power of attorney as follows:

- I. A power of attorney to sell or vacate immovable property notarized or ratified by Notaries within the Kingdom, by the Consuls of the Hashemite Kingdom of Jordan or other Consuls who have similar powers under a special arrangement, or by Notaries outside the Hashemite Kingdom of Jordan to enable the agent to sell or vacate immovable property to another person at the State’s Land Registers is valid for one year at the registration offices following its notarization or ratification. It is null and void if it is not implemented within the said period. A power of attorney notarized or ratified earlier is null if it is not implemented within one year after the entry into force of this Law. If any period specified in Article 6 of the Law to amend the provisions of Law on Immovable Property No. 35 of 1946 has already started, the power of attorney shall be void as soon as it ends.”
- II. Any power of attorney notarized or ratified by the aforementioned to sell or vacate immovable property related to the right of third parties such as receiving a payment shall be implemented in all cases at registration offices and courts within one year of its notarization or ratification. Any power of attorney ratified or notarized earlier shall be implemented within one year after the entry into force of this Law even if the client dismisses the agent or if the client or the agent dies. In the case of the death of the agent, the Land

Registration office shall complete the sale or vacation of land and shall be responsible for it.

Foreigners are allowed to own real estate in the State of Palestine by submitting a purchase permit to law enforcement authorities. They must then obtain an approval by the Council of Ministers. This excludes Palestinian citizens who hold the Israeli nationality. They are not allowed to own more than one dunum.

As for foreign companies, they must be registered by the Observer of Palestinian Companies and operating in Palestine.

In Palestine, real estate is sold and bought in cash or by certified checks written by the buyer or the bank that gave the client a loan. Payments can also be made by remittances and regular checks. There are no laws to regulate the payment of real estate transactions.

5. Qatar:

Transactions in the real estate sector in Qatar are carried out by brokers, real estate brokerage agents, and real estate development and marketing companies. The sale and purchase can be done directly between the seller and the buyer. Most transactions are carried out by real estate brokers, followed by real estate development companies then real estate marketing companies.

A Department of Real Estate Registration and Notarization was established by the Ministry of Justice pursuant to Law No. 14 of 1964. According to Article 1 of this Law, “A Department of Real Estate Registration and Notarization shall be established and affiliated to the Minister of Justice and based in the city of Doha. It shall be specialized in real estate-related certification...”

According to Article 4 of this Law, the Department shall register “all acts that would create, remove or change a property right or another property right in kind, as well as final judgments confirming the same. Non-registered contracts shall have no effect other than the personal obligations between the contracting parties.”

It is responsible for viewing, surveying, and identifying real estate; preparing printed forms for the most important contracts whose registration is required by law; keeping records; attesting stakeholders’ signatures; marking certifications in a manner that indicates their final registration; and keeping copies of registered certifications.

Qatar has many projects to promote real estate registration and notarization, including the “electronic instrument” system. This system calculates the estimated value of the property. Another program is the Real Estate Stock Market which adjusts real estate prices, prevents non-professionals from violating the market, and promotes transparency in the real estate market. It also helps in eliminating unlicensed brokers. The “almouthamen” application estimates the

fair and actual value of the property on the market. Through this application, contractors are informed of the risks emanating from the greed and randomness of real estate brokers who may value property without any scientific basis.

With regards to real estate laws, Law No 22 of 2017 Regulating Real Estate Brokerage was also adopted.

In general, non-Qataris are not allowed to own land in Qatar. However, Law No. 17 of 2004 in Article 2 stipulated that “nationals of the Gulf Cooperation Council may own Real Estate in the Investment Areas, in respect of which a Cabinet “Council of Ministers “Decision shall be issued.” And according to Article 3, “A non-Qatari may own real estate and residential units in the Pearl of the Gulf Island, the West Bay Lagoon Project, and Al Khor Resort Project.” Article 4 stipulates that “A non-Qatari may have the right of usufruct over real estate for a term of ninety-nine (99) years renewable for similar terms in the Investment Areas, and the real state location, conditions and procedures of usufruct shall be by a Council of Ministers’ Decision.”

In Qatar, real estate transaction fees are paid electronically or by a certified check issued by a bank operating in Qatar.

6. Egypt:

Transactions in the real estate sector in Egypt are mainly carried out by natural persons (individuals and real estate brokers), legal persons (real estate development, marketing and investment companies), real estate brokerage agents and lawyers. In Egypt, there are around 110 real estate development companies registered at the Real Estate Development Chamber in the Federation of Egyptian Industries.

In Egypt, contractual transactions such as the sale and purchase are registered and documented at the Land Registry according to Law No. 114 of 1946. According to Article 1 of this Law, “land registration offices shall be established in directorates and governates to register land...” Article 5 of the same Law stipulates that “each land registration office shall be exclusively responsible for the registration of lands within its jurisdiction”.

Real estate can be sold and bought through preliminary contracts with the possibility of registration at the land registration office of the Ministry of Justice’s Land Register. However, in many transactions, the sale must be registered especially if one of the parties is an official entity or a legal person depending on the type and purpose of the purchase and in line with the procedures that follow the registration process. To formalize these contracts, some parties file a case before competent first instance courts to prove the validity of the signature.

The general rule is that all real estate transactions and legal actions must be registered with the Real Estate Authority. According to Article 9, all acts intending to establish, transfer, amend or terminate a real estate right or final provisions proving them shall be registered. These acts include endowment and wills. In the absence of registration, the rights referred to shall not be established, transferred, amended nor terminated not for concerned parties nor for others. Acts that are not registered shall have no effect other than personal obligations for concerned parties. A person who has obtained a final judgment that proves one of these rights may request that the registration be limited to the amount judged. They may also request to limit the registration of the property assigned to them by a judgment to a particular section or area. A person who has obtained a final judgment in their favor may request to limit the registration of the property assigned to them to a particular section or area. The two previous paragraphs shall not apply in the case of a swap or an exchange.

Investment Law No. 230 of 1989 allows in Article 2 paragraph c foreigners to own property. It defined Arab capital as money invested – stipulated in Article 3/1 – owned by a natural person who holds another Arab nationality or a legal person whose capital is majorly owned by Arabs. Paragraph d defined foreign capital as money invested – stipulated in Article 3/1 – owned by a natural person who holds another non-Arab foreign nationality or a legal person whose capital is majorly owned by non-Arab foreigners.

Law No. 230 of 1996 on the Regulation of Ownership of Built Properties and Vacant Land by Non-Egyptians stipulates in Article 1 that “Without prejudice to the provisions of Investment Law No. 230 of 1989, the provisions of this Law regulate the ownership by non-Egyptian legal or natural persons of built properties and vacant land in the Arab Republic of Egypt whatever the reason for the acquisition except inheritance.” This Law sets out the conditions for the acquisition of real estate by non-Egyptians in Egypt. They are as follows: First: 1) They may acquire a maximum of two properties anywhere in Egypt for residential purposes for them and their family, without prejudice to the right of real estate ownership to carry out the necessary activities for their work licensed by competent authorities; 2) the area of the property shall not exceed four thousand square meters; and 3) the property shall not be considered a monument under the provisions of the Monuments Protection Law.

Second – the Prime Minister may exclude certain cases from the aforementioned two conditions in cases they deem appropriate. The Council of Ministers may establish rules and conditions on ownership in certain touristic areas and urban communities it determines.

Third – If a foreigner acquires a building or a vacant land in line with these conditions, they are obliged to build on it within a period not exceeding five years following the registration of the purchase. If they have not started the construction by the time the period ends, they shall be restricted from disposing of the property for a period equal to the delay in starting the construction.

Fourth – A Non-Egyptian who has acquired ownership of a property in accordance with the provisions of this Law may not dispose of it in any manner to confirm ownership before a period of 5 years following the date of the acquisition of the property. However, the Prime Minister may, in cases they deem appropriate, allow the disposal of the property before that period. It is worth noting that 1) A non-Egyptian is not allowed to own property in certain areas, especially by the borders and in Northern and Southern Sinai; and 2) an administrative decision was adopted in 2005 to exclude Sharm El-Sheikh from the previous provisions. Accordingly, a non-Egyptian may benefit from the use of the property for 99 years and may not have free ownership.

Payment is done through direct banking transactions by various means (checks, transfers, cash deposits, or by paying installments through some specialized banks) if the real estate units are sold by urban reconstruction agencies or real estate finance companies through bank accounts and transactions.

Regulations governing the sale of real estate units in new cities and national housing projects include a sales system and payment methods and mechanisms.

7. Sudan:

The Sudanese real estate sector is regulated by real estate laws: The Land Settlement and Registration Act of 1925, the Urban Planning and Land Disposal Act of 1994, the Companies Act of 2015 and the Law to Promote Investments in Khartoum of 2015.

Real estate transactions are carried out by real estate agents and brokers, real estate development companies, and individuals (parties to the contract: seller and buyer). Most sale and purchase transactions are carried out by real estate agents and brokers, followed by real estate development companies. There are 5.000 brokers registered at the competent authority in the Sudan, 3000 real estate agents and 20 real estate development companies.

Article 3 of the Land Settlement and Registration Act of 1925 defined “land and everything built on it”. This includes permanent benefits arising from the land, buildings, and fixed objects on it. It also includes common shares in a land and any benefit arising from it which requires or is subject to registration under the provisions of this law...”

Article 4 of Chapter Two stipulates that “when the Minister of Justice deems it appropriate to settle the ownership of a land and register it, they shall put an announcement in the Official Gazette to prove the intention to settle and register lands in that area, later referred to as Settlement Area.”

Paragraph 1 of Article 20 in Chapter Three stipulates that “existing land registration offices and any land registration office established later on are part of the judiciary.” According to Article 24, “all documents shall be submitted for registration at the land registration office in the state or area where the land is located.”

With regards to powers of attorney, Article 39 stipulates that “all legal documents and powers of attorneys granted outside of the Sudan must be written in the manner designated by the Law. If the Law does not specify, the Notary shall choose and specify a manner.”

As for documentation, Article 54 stipulates that “a landowner may, pursuant to the relevant document, transfer the ownership of a land or any part of it. The land transfer shall be completed when the registrar registers the name of the person to whom the land ownership was transferred.”

According to the Urban Planning and Land Disposal Act of 1994, a National Council for Urban Planning and Land Disposal was established to carry out the following functions: developing urban strategies after receiving the approval of the Council of Ministers and related policies to rationalize the use of land in all fields; developing methods and ways to ensure participation and coordination among planning bodies; conducting studies and research in cooperation with other planning agencies in other states; reviewing urban development projects; and validating the physical structures of residential complexes.

According to Article 59 of the Urban Planning and Land Disposal Act, “without prejudice to article 41/c or any provision of any other law, foreigners may not own land in the Sudan in any way without the approval of the Council of Ministers.” Foreigners are allowed to own land as an investment advantage according to the Law to Promote Investments in Khartoum of 2015. This Law defined investment money in paragraph b as convertible foreign currency transferred by a bank registered with the Bank of Sudan and used in the construction, operation, modernization, rehabilitation or expansion of the project.

Article 9 prohibits discrimination between projects and investors. Paragraph 1 stipulates that “it is prohibited to discriminate against any investor, whether they are local, Arab, public, private, cooperative or a mixed sector”.

As for the payment of the sale and purchase, there are no Sudanese legislations to regulate the payment of such transactions. Payment is mostly done in cash, and sometimes in certified checks in the case of planned residential units executed by

real estate development companies. It is also possible to pay by regular checks, depending on the agreement between the parties.

The 2015 Companies Law defined the types of companies: limited liability companies, unlimited companies, private companies which are prohibited from sending an initial public offering, and public companies which are not allowed to transfer their shares.

8. Kuwait:

The real estate sector in Kuwait is regulated by several laws, including Law No. 5 of 1959 which established the Real Estate Registration Department at the Ministry of Justice. This Department is responsible for registering all real estate transactions as well as all acts carried out on the land in line with Article 3 of the Law which stipulates that “the Real Estate Registration Department is responsible for registering property related documents.” To do so, it 1) inspects, surveys and identifies real estate, makes a drawing and calculates its area; 2) writes contracts; and 3) registers documents in relevant books...” Real estate sales shall be conducted before the Notary at the Real Estate Registration Department. According to Article 7, “all acts which create, transfer, amend or remove an original real estate right or final judgments confirming the same shall be registered...” Therefore, sales are made either in the presence of the parties (the buyer and the seller), through their agents or through a real estate broker. If the transaction is carried out through a licensed office in accordance with the Law on Real Estate Brokerage and in every other case, the transaction shall be registered at the Real Estate Registration Department.

As for real estate ownership by non-Kuwaitis, the general rule limits the ownership of real estate in Kuwait to Kuwaitis. The Kuwaiti Government may grant ownership right exceptions to other Arabs in cases it deems appropriate under conditions it lays down, provided the principle of reciprocity is respected. This was stipulated in Article 5 of the aforementioned Law.

According to Article 5, the right to real estate ownership is limited to Kuwaitis. However, there are exceptions which allow other Arab or foreign countries to own their embassy, commission, or consulate. They may also own the residency of the Head of their diplomatic mission, provided the area of the land does not exceed 4,000 square meters for one State. Non-Kuwaiti Arabs may acquire one property in Kuwait after receiving the approval of the Kuwaiti Government in accordance with the following conditions: the property shall be used for residency purposes by them and their family; the area of the property shall not exceed 1,000 square meters; the owner shall not own another property in Kuwait; reciprocal treatment must be guaranteed by the State whose nationality they bear.

As for the ownership by GCC nationals of property in Kuwait, Article 1 of Law No.1 of 2004 stipulates that “GCC nationals shall be treated as Kuwaitis when they want to acquire land and property in the State of Kuwait, provided their country respects the principle of reciprocity. The provisions of this Article shall apply to natural and public and private legal persons, provided all their members or stakeholders are natural persons who hold the nationality of a country respecting the principle of reciprocity.”

Law No. 116 of 2013 on the Promotion of Direct Investment in the State of Kuwait provides for the right to use the land and real estate allocated to the Authority or that is subject to its supervision or management, in accordance with the principles and rules established by the Board in this regard. Joint stock companies which have non-Kuwaiti partners and do not seek to work on the real estate market may own the property which they need to manage their business or achieve their objectives provided a decree is issued to grant them this right.

The Kuwaiti real estate sector includes real estate brokerage agents (with 3500 real estate brokers), real estate development companies and real estate marketing companies. The Ministry of Commerce and Industry issued Ministerial Decision No 639 of 2017 to regulate real estate exhibits in the country.

The payment of real estate transactions in Kuwait, similarly to all other countries, is done electronically.

9. Iraq:

In Iraq, real estate transactions are carried out by many entities operating in the sector. Most sales are carried out by real estate brokers and brokerage agents (there are around 132 thousand licensed brokers in Iraq) followed by real estate development companies and real estate marketing companies. In some cases, the sale is done by individuals alone without the help of brokers or companies.

The Real Estate Registration Department at the Ministry of Justice which was established under Law No. 43 of 1971 amended by Law No. 31 of 1982, which is the law of the second amendment, is the competent authority responsible for registering real estate transactions and legal judgments about original and ancillary real rights and the transfer of such rights to successors (Article 2, Chapter II Competence).

This Law enumerates the types of real state in Article 5 of Chapter III (Article 5) – owned real estate which title and rights belong to their owner according to the provisions of the Law. (Article 6 – Endowed real estate: they are divided into two parts: -a- correctly endowed land – land owned and legitimately endowed to a party. - b – and incorrectly endowed land – *Amiri* land whose absolute ownership,

rights of disposition, fees or tithes or all are endowed to a certain party. (Article 7) Amiri land which absolute ownership belongs to the State

which is of three types: - a- purely Amiri land whose absolute ownership and all rights belong to the State. – b- Amiri land delegated by virtue of a title deed is a land whose right of disposition is delegated to individuals in line with the provisions of the laws. Lands incorrectly endowed are those which endowment is limited to fees, tithes or both, in view of the Amiri lands delegated by virtue of a title deed .– c- and Amiri land given by Alezma whose right of disposition is delegated to individuals in line with the Land Conciliation and Alezma Laws. Article (8) Abandoned land:

which is State-owned property and used for public good or for the benefit of the inhabitants of a certain town or commune.

As to Law No. 43 of 1989 concerning the Federation of Iraqi Chambers of Commerce, Article 1, First) stipulates the following: A Federation under the name of (the Federation of Iraqi Chambers of Commerce) shall be established hereunder. It consists of all the Iraqi Chambers of Commerce and is hereinafter referred to as (the Federation). Its headquarters shall be located in Bagdad. Second: The Federation is a professional economic organization having the legal personality. It is financially and administratively independent and is represented by the President of the Federation or his authorized delegate. - Article 2- (The Federation seeks to regulate and develop business activities in its field of competence and promote the role of these activities in the development process). The objectives of the Federation include, among other things (the coordination, direction, and representation of the work of Iraqi chambers of commerce in government departments, sectors and Arab, foreign and international bodies; the supervision of the registration of trademarks; the participation in trade fairs in Iraq; and the proposal of solutions to promote business and exports... in addition to other tasks).

The Brokerage Law No. 58 of 1987 provides for 4 categories of brokers which include brokers in real estate legal actions. According to Article 2, a broker is a natural or legal person. There are special conditions to each. If the broker is a legal person, for example a company, it must be registered in accordance with the Iraqi Company Law and its shares must be owned by Iraqis living in Iraq.

The same Law defined Brokerage – Dalalah, in Chapter I, as follows:

Article (1) First – Brokerage: an act that a person engages in to facilitate the conclusion of contracts in return for remuneration. Second – Broker: the natural or legal person who pursues brokerage as a profession.

Article (2) There are four types of brokerage: First – Brokerage in legal acts relating to the real estate. Second – Brokerage in the sale, purchase and lease of vehicles. Third – Brokerage in public auction places. Fourth – Brokerage in the sale and purchase of agricultural and industrial products and other property.

Article (4) First – The brokerage license is granted by the Chamber of Industry and Commerce where the business activity of the applicant for the license falls within its field of competence, after obtaining the opinion of the concerned authorities. Second – the license may not be granted for more than one of the types of brokerage mentioned in Article 2 of this Law.

Article (9) The broker undertakes to do the following: First: The broker shall be faithful in informing the parties of all the data he knows about the transaction and its circumstances. Second: He shall sign the contract he brokered to conclude and shall keep a copy thereof for a period of five years. Third: He shall maintain a record authenticated by the Notary Public, which contains the names of the contracting parties, the type, date, place and value of the contract. Fourth: He shall maintain the documents he receives from the parties to the contract and give a confirmation of receipt. Fifth: He shall give a copy of the data contained in the record and the contracts he maintains to any concerned persons who request them. Article (10) The broker shall enable the official authorities to examine the records and contracts he maintains.

Law No. 38 of 1961 allowed non-Iraqis to own real estate in the country. According to Article 1, “Non-Iraqis shall be treated equally to Iraqis in terms of ownership of real estate provided the principle of reciprocity is respected. It is not permissible to own property in Iraq except what may be owned by the Iraqi in that country in terms of type, area, location and use and in accordance with the provisions of this Law. The Ministry of Justice shall set the requirements for reciprocity.”

According to the afore-mentioned Law, Article (3) stipulates that the provisions of this Law shall not be applicable to nationals of Arab countries and they shall be subject to the provisions provided for in private laws. Article (5) also stipulates the following: 1- The ownership of the foreigner in Iraq may not exceed one residential property and another for his work if he has a profession that he is personally engaged in. The undivided share is considered as an absolute ownership for this purpose.

Article 4 stipulates that “Non-Iraqis shall not own real estate in Iraq for any ownership reason and shall not participate in the auction of a real estate unless the following conditions are met and after an approval by the Minister of Interior:

- 1- They must have lived in Iraq for at least seven years;
- 2- There must be no military or administrative impediment;

- 3- The property must not be less than 30 kilometers from Iraq's borders;
- 4- The property must not be agricultural or Amiri land of any kind, this includes the delegation of land, and its vacation by transfer or any other reason.

As to the types of companies, according to the Iraqi Companies Law No. (21 of 1997, as amended in 2004) articles 7 and 8 of Law No.64 of 2004, amending Law No. 21 of 1997 issued by the Coalition Provisional Authority stipulated the following:

First: the mixed or private shareholding company shall be formed by at least 5 persons, who will subscribe to its shares through public offering and will be responsible for the company's debts in so far as the nominal value of the shares to which they subscribed.

Second: The mixed or private limited liability company shall be formed by no more than 25 natural or juridical persons, who will subscribe to its shares and will be responsible for the company's debts in so far as the nominal value of the shares to which they subscribed.

Third: The joint liability company shall be formed by not less than two and not more than 25 natural persons, each owning a quota of its capital. They shall jointly assume personal and unlimited responsibility for all of its obligations.

Fourth: The sole owner enterprise is a company formed by one natural person, who owns the one quota in it and assumes personal and unlimited responsibility for all of its obligations.

Article (7) amended Paragraph (First) of this Article, by virtue of Article (9) of the Law No.64 issued on 2004, amending the Companies Law No.21 of 1997 issued by the Coalition Provisional Authority and it was replaced by the following wording:

First: The mixed company shall be formed by the agreement between one or more persons from the State sector and one or more persons from outside this sector. The State sector's share in the mixed company's capital must not initially be less than 25 percent. A mixed company may also be formed by two or more persons from the mixed sector. When the state sector's share falls below 25%, the company shall be treated as a private company, as permitted in Article (8), Paragraph Second, Point (2).

Second: The mixed sector company can be a joint-stock company or a limited liability company. Article (8) amended Paragraph (Second-1) of this Article by virtue of Article (10) of Law No.64 issued on 2004, amending the Companies Law No.21 of 1997 issued by the Coalition Provisional Authority and was replaced by the following wording: First: The private sector company shall be formed by the agreement between two or more persons from outside the State sector with private

capital. Second: Except for the provisions of Clause First of this Article, it is permissible to: 1- Form a sole owner enterprise of one natural person or a sole owner limited liability company of one juridical or natural person. 2. Include the State sector in the private joint-stock company or limited liability company with a share of less than 25 percent of the capital. Those excluded from this percentage are: Government insurance and reinsurance companies, the Labor and Social Security Department, and any other investment entity which the cabinet may add under this sub-paragraph.

Third: The private sector company can be a joint-stock company, a limited liability company, a joint liability company, a sole owner enterprise, or a simple company. Article 18 of Law No.64 issued on 2004, amending the Companies Law No.21 of 1997 issued by the Coalition Provisional Authority was amended as follows: The founder of a limited liability company, when there are no other founders, or the founder of a sole owner enterprise shall prepare a statement, which shall serve the purpose of a company contract and shall be subject to the provisions that are applicable to the contract whenever they occur in this law.

The amended Iraqi Investment Law No.13 of 2006 amended by Law No.50 of 2015, for the second time, provided for the following clauses in Article 10:

First: The Iraqi or Foreign investor enjoys the same privileges, facilities, and guarantees. They must adhere to the obligations stated in this Law.

Second A-1: The Iraqi or Foreign investor may own lands allocated for housing projects and which belong to the State and the Public Sector. The Iraqi or Foreign investor may buy lands which belong to the Private or Mixed Sector to construct housing projects exclusively, provided that they do not conflict with the uses of the Basic Design. 2- The Iraqi investor may own lands allocated for industrial projects and which belong to the State and the Public Sector, and he may enter into a partnership with the Foreign Investor in funding or administration. The Iraqi investor may buy the land which belongs to the Private or Mixed Sector according to a regulation issued by the Commission.

B- The investment project contract shall be concluded with the sectorial authority that regulates the activity or with the licensing Commission, provided that the real estate contract shall be concluded with the owning entity.

C- An annotation to prevent disposition shall be affixed on the title deed until the Iraqi or Foreign investor fulfills his obligations, with a confirmation from the licensing investment Commission.

D- The developer or the Iraqi or the Foreign Investor shall be bound to the purpose for which the property ownership was given, and not to trade in it, otherwise, he shall bear the corresponding wage for the period of exploitation.

E- If the Developer, or the Iraqi or Foreign Investor who owned a real estate under this Law, fails to fulfill his obligations within the period specified in the concluded agreement, the Real Estate Registration Administration shall revoke the registration and return the property to its former owner, at the request of the Commission, in return for paying back the sale price after collecting the corresponding wage for that period.

F- The Iraqi or Foreign Investor shall erect the residential units within the period specified in the agreement and sell or rent them to citizens as per instructions issued for that purpose. The Iraqi or Foreign Investor can dispose of the remaining parts of the non-residential project throughout the license period, according to the conditions of the agreement entered with the investor.

G- The Developer may transfer the ownership of a part of the investment project after completion of 40% of the project to the sub-developer, with the consent from the licensing Commission, and the sub-developer may transfer the ownership of the investment project only after full completion of the project.

H- The sub-developer enjoys the benefits of this law and is subject to his obligations from the date of obtaining the investment license for the part of the project which was transferred to him.

Third- A : The Iraqi or Foreign Investor is entitled to lease and rent property and acquire Musataha rights from the State or from the Private and Mixed Sectors for the purpose of constructing investment projects for a period of not more than (50) fifty years, which shall be renewable with the approval of the licensing Commission and the relevant authority, subject to the nature of the project and its economic feasibility, except for industrial projects constructed in industrial cities which shall be owned with charges and according to instructions.

B- The licensing Investment Commission can make an agreement with the Iraqi or Foreign Investor to return the project to the State, the Territory, or the Governorate not affiliated with a Territory, after the expiry of the license period and under the terms set out in the agreement entered into with the investor.

C- The investor may transfer the ownership of the investment project in whole or in part during the license period to any other investor after securing the approval of the licensing Commission, provided that 40% of the project has been accomplished. The new investor replaces the former one in terms of rights and obligations stipulated by the Law and the agreement entered with him.

D- The licensing Commission may make an agreement with the Iraqi or Foreign Investor to own the investment project as land and building, or just a building, depending on whether the project is for housing or other purposes, after the end

of the license period without enjoying the privileges, facilities and guarantees stated in this Law.

E- The investor may construct industrial investment projects and warehouses for the agricultural sector on agricultural lands and contracts inside and outside the limits of the Basic Design.

Fifth: - Properties to be allocated for the construction of investment projects shall be exempted from the provisions of the following laws and decisions:

a- The Law of Sale and Lease of State Assets No. (21) of 2013, and the basis for calculating the charges of sale and rent are set in accordance with a regulation to be issued for this purpose. b- The Law of Agricultural Lands Reform and Lease for Agricultural Companies and Individuals No. (35) of 1983, and the Law on Reorganizing Agricultural Ownership No.(42) of 1987, and the Reclamation Agricultural Lands Lease Law No. (79) of 1985. c- Industrial Investment Law No. (20) of 1998 on the investor retaining the plot of land allocated to him under its provisions.

Second Topic: Size and importance of the activity by the different structures of the real estate sector compared to other economic activities and their impact on development in member countries.

1. Oman:

The real estate sector in Oman has grown at all levels. Last year, it almost reached 5 billion Omani riyals². According to experts, this number is expected to increase in the future. Preliminary statistics of the National Center of Statistics show that the total value of real estate activity in Oman increased by 244.3 percent by the end of April 2016 and reached 5.643.400.000 (5 billion, 643 million, 400 thousand) Omani Riyals compared to 1.638.900.000 (one billion, 638 million, 900 thousand) Omani Riyals during the same period last year.

According to statistics in the 2017 and 2016 report of the Secretariat of Land Registry:

Year	2016	2017	Percentage of increase and decrease
Item			
Number of sale contracts handled	68.001	59.495	-13%
Number of swap contracts	746	1.086	46%
Number of mortgage contracts	22.593	18.613	-18%

In 2017, the total of real estate transactions in Oman reached 2.609.974.561 (2 billion, 609 million, 974 thousand and 561) Riyals compared to 6.622.521.598 (6 billion, 622 million, 521 thousand and 598) Riyals in 2016, a total value decreases of 61 percent.

² 1 Omani Riyal = 2.6 US Dollars (almost)

Real estate investors expect a bigger growth in real estate indicators in 2018, given that this year there was no decline in the real estate market. Transactions were slow and steady due to the current situation of the global economy. Investors pointed out that the Sultanate of Oman is a safe touristic and investment environment, and this undoubtedly drives economic growth along with the population growth which boosts real estate demand in all governorates.

2. Jordan:

In 2016, the volume of real estate trading reached 11 billion dollars, a 7 percent decrease compared to 2015.

According to the 2016 annual report on the performance of the Jordanian economy, the volume of real estate trading dropped to 7.1 billion dinars³ compared to 7.6 billion in 2015. Property sale rate rose to 32.7 percent, while the sale rate of land and apartments fell. According to the 2017 report of the Department of Lands and Survey:

1. The volume of real estate trading dropped by 14 percent compared to 2016 and reached 6.062 million dinars, a 20 percent drop compared to 2015.
2. The volume of real estate trading in 2017 was estimated at 6.062 million (6 billion, 62 million) dinars, a 14 percent drop compared to 2016.
3. Real estate sales in 2017 dropped by 6 percent compared to 2016: 10 percent for apartments, and 5 percent for land.
4. The value of sales to Non-Jordanians decreased by 14 percent in 2017 compared to 2016 and reached 321.825.313 (321 million, 825 thousand and 313) dinars, a 24 percent decrease compared to 2015.

In its report, Alrai Center for studies stated that thanks to its political and security stability in a region of turmoil, Jordan became a fertile environment for real estate investment. Jordan mainly provides 4 types of real estate assets: commercial real estate, social housing, special economic zones and tourism development. The main drivers of growth in the real estate sector in Jordan are the population growth estimated at 2.4 percent per annum, liquidity in the economy due to the impact of the high oil prices, and Arab and foreign investments thanks to an ambitious Jordanian vision to attract investments. This has positively impacted the Jordanian economy. It is worth noting that Alaraby Al-Jadeed published on April 4, 2018 an article entitled “A 30 percent decline in foreign purchases in the Jordanian real estate sector”. According to the article, the decline in the volume of real estate transactions in the first quarter can be attributed to the drop in the demand by Non-Jordanians. Official figures show that the volume of purchases in the Jordanian real estate sector dropped by 7 percent during the first quarter of 2018 compared to the same period last year and

³ 1 Jordanian Dinar = 1.6 US Dollars (almost)

reached 1.97 billion dollars. The Director of the Department of Lands and Survey expects an increase in real estate sales in Jordan in the second and third quarters of 2018, especially with the return of Jordanian expatriates who work abroad and are actively contributing to the real estate market and other economic activities.

3. Saudi Arabia:

In Saudi Arabia, the real estate sector ranks second after the oil sector and contributes about “55 billion riyals⁴” to the GDP and about 9,5 percent to the non-oil GDP. Between 1999 and 2018, the real estate index increased by 50 percent, with a 5 percent annual growth rate. Real estate finance increased by 128 percent in the last quarter last year according to Makkah newspaper on 22/2/2018 (28 thousand residential financing contracts: 8 percent for residential lands, 27 percent for residential apartments and 65 percent for residential villas. The total volume of real estate financing in 2017 was estimated at “19 billion riyals”, a 27 percent increase compared to 2016.

A scientific study by the Department for Economic Research and Studies confirmed that the real estate sector in the Kingdom is an important axis in the current development of the country. It plays a key role in driving growth, creating job opportunities, and stimulating economic growth in many related industries and activities. More than 92 industries and activities are related to the real estate sector in the pre-construction phase such as real estate consultancy and study offices, the construction phase such as contractors, and the post construction phase. The economic role of the Saudi real estate sector can be proven in many ways, including its contribution to the GDP, the volume of investments, the growing demand and the increase in the number of people working in the sector.

The table below includes a comparison of the 2016 and 2017 volumes of real estate assets traded according to statistics by the Ministry of Justice (1 US dollar \approx 3.75 Saudi riyals).

A comparison of the 2016 and 2017 volumes of real estate assets traded according to statistics by the Ministry of Justice (1 US dollar \approx 3.75 Saudi riyals).

2016	Number	Value (million Saudi riyals)
Commercial	261	3.778,3
Agricultural	32.749	188.239,9
Residential	495.836	292.354,2
<i>Number of dealers</i>		
Individuals	Seller	305.836
	Buyer	281.737
Companies	Seller	16.959
	Buyer	30.802

⁴ 1 US dollar = 3.7 Saudi riyals (almost)

2017	Number	Value (million Saudi riyals)
Commercial	2.155	2.486,3
Agricultural	33.794	15.394,5
Residential	495.836	249.977
<i>Number of dealers</i>		
Individuals	Seller	321.751
	Buyer	292.999
Companies	Seller	21.144
	Buyer	41.059

In the same vein, we will include some official publications by competent authorities about the latest developments in the sector. In a statement published by Okaz newspaper on March 1st, 2017, the Undersecretary for Studies and Planning at the Ministry of Housing said that the real estate and housing sectors are vital and have a strategic impact on the national economy. He pointed to their role in the expected volume of investments and their contribution to the GDP which is expected to grow in the next years. According to him, the 2016 official statistics by the General Authority for Statistics revealed that the real estate sector contributed 128 billion riyals (around 4.9 percent) to the GDP and 8.3 percent to the non-oil GDP. He also referred to the important role of the sector and its impact on the national economy reflected by some economic data. Economic return on real estate investments is estimated at 8.7 riyals per investor as direct and indirect economic returns.

4. Palestine:

It is difficult to collect information about real estate transactions in Palestine due to the absence of an official entity that plays this role. However, it is possible to obtain information about lands whose ownership is confirmed from the Land Authority and the Ministry of Finance “General Directorate of Property Tax.” However, neither collects statistics about the number of real estate traders (in sales and purchases) and the volume of real estate assets traded. And even if they do, the statistics do not represent the real and actual volume of people involved in the sale and purchase and the actual volume of real estate assets traded because most lands and real estate in Palestine are not registered at their offices and are outside Palestinian control.

According to a statement by the Palestinian Capital Market Authority (PCMA) the primary market of the real estate mortgage finance suffers from a lack of specialized finance companies. The primary market is limited to banks. Some banks rely on their own sources of finance in real estate lending, while others refinance their loans through the secondary market to finance real estate mortgages. There are two companies on the market: Palestine Mortgage and Housing Corporation (PMHC) which was established as a public shareholding company in 1999, and its subsidiary Palestine Housing Finance Corporation. The

funding sources of the secondary market are limited because refinancing companies do not issue loans or real estate asset backed bonds, given that real estate asset backed bonds need a specific law to be issued.

As for real estate valuation (pricing), this profession plays an important role in determining the value of real estate guarantees based on which loans are granted, thus reducing the risks for lenders. PCMA grants licenses to people who have experience and competence. Accordingly, in cooperation with the Palestinian Banking Institute, PCMA gave a training course in 2017 for the purpose of granting licenses in line with Instructions No. 3 of 2012 on Licensing Real Estate Valuers. In 2017, 3 new real estate valuers were licensed thus increasing the number of licensed valuers in the country to 54.

According to a report by the Palestinian National Information Center (WAFA), most economic reports indicate a significant growth in real estate investment in Palestine. A report by the Palestine Investment Fund noted that the economy is attractive and has strengths which have made real estate investments an important part of the Palestinian economy. This is evident in the new residential suburbs emerging in many areas in Palestine.

In 2010, the Investment Fund was able to sign funding agreements with many international parties (of around 500 million dollars) to finance citizens who do not own houses in cooperation with some Palestinian banks which will be the final party to lend money to citizens. This money will be provided from abroad as loans, not grants or aid, in coordination with official Palestinian authorities (the Land Authority, TABO, the Ministry of Justice and the Ministry of Housing) to absorb the money.

It can be said that the housing sector in Palestine has significantly developed over the past 40 years. It is one of the most affected sectors by the political, economic and security situation that prevailed in Palestinian territories since 1967.

5. Qatar:

The real estate sector in Qatar represents 7% of the GDP. The volume of real estate transactions (sale contracts) registered at the Department of Real Estate Registration and Notarization in the Ministry of Justice in December 2017 reached 1.028.833.451 billion Qatari riyals⁵. The real estate analytical bulletin issued by the Ministry of Justice shows that 261 real estate deals were registered in December including buildings, multi-use vacant lands, and housing. There were 94 mortgages of a total value of 3.544.314.076 billion Qatari Riyal. Real estate trading reached a peak in October with 580 deals, followed by January (414 deals) and May (411 deals). In 2016, real estate trading reached a peak in October with

⁵ 1 US Dollar = 3.6 Qatari Riyals (almost) as of October 25, 2018 according to the rates of Qatar Central Bank.

539 deals, followed by November (355 deals) and May (335 deals). The monthly rise and decline of real estate trading activities is very similar during both years.

The real estate sector in Qatar developed significantly over the past few years in general and during the last few months specifically, thanks to its enormous potential and great advantages which made it a strong competitor in the Middle East. It is attractive to major international companies and is taking advantage of the current push in the infrastructure projects and works in preparation for the 2022 World Cup. Experts confirmed that real estate investment projects in the Qatari market have made significant progress and played an important role in maintaining stable growth rates because the real estate sector is a driver force for many other sectors. According to the latest reports, the volume of real estate projects suggested before 2022 is huge. Hospitality projects will be implemented in 250 properties, mostly hotels.

Real estate expert websites in Qatar confirmed that there are many issues related to the real estate sector and the role of legislative and regulatory bodies in controlling both the market and real estate offered and marketed within Qatar by many licensed companies. The real estate sector is important not only because of the preparations to the 2022 World Cup, but also because of the high purchasing power of Qataris and the enormous potential of local companies. These sites pointed to the need to focus on control to protect the rights of consumers and companies. According to them, international real estate offered in Qatar should be strictly controlled and regulated. It must comply with legislations and laws which protect the rights of all parties.

6. Egypt:

The real estate market has seen an unprecedented rise because of the appreciation of the dollar and the devaluation of the pound, and thanks to other factors mainly the real estate becoming the main portfolio of citizens and clients. Many Egyptians opt for the real estate sector to protect their savings as fixed assets which helps in protecting capital. This contributed to the exaggerate recovery of the real estate market with demand reaching half a million units annually, at a time when the Egyptian market produces less. This created a huge gap between offer and demand which, in turn, increased prices. The profits and returns of real estate companies are another indicator because they are among the highest revenues in the country, even for citizen investors (real estate owners). In 2017, real estate became the most popular and demanded commodity.

Even with lands, the State invited investors to submit tenders and carried out lots in many promising areas in New Cairo all the way to the Suez Road, in Giza

Governorate in October, Sheikh Zayed and other governorates, which significantly increased land prices.

Many analysts believe that the first quarter of 2018 will see another rise in real estate prices in Egypt at varying rates. This will be a difficult challenge for real estate developers and citizens because prices have increased by more than 70 percent in some areas such as New Cairo and Sheikh Zayed where the price of one square meter reached 18 thousand pounds⁶. In 2017, real estate development companies were faced with many challenges including an annual 30 percent increase in construction costs, an increase in the cost of land ownership and high interest rates. However, real estate companies managed to overcome these challenges by increasing prices by 30 to 40 percent annually and extending the payment timeline (a seven-year average). They also provided smaller residential units to mitigate the impact of the price increase on the ability of the consumer to pay. After taking these steps, most real estate companies managed to move forward in the right direction to achieve their sales targets in 2017.

Data from the Ministry of Planning, Monitoring and Administrative Reform revealed that during the two fiscal years 2014/2015 and 2015/2016, the uses of public and private investments in the real estate sector (real estate ownership, construction, and business services) increased at current prices from 42 billion to 51 billion pounds and at a 20,4 percent annual rate. If we attribute these figures to total investment uses in the Egyptian economy, it shows that this sector alone accounts for 13 percent of total investments (implemented), only second after the oil and gas sector⁷.

7. Sudan:

Real estate in the Sudan is a haven to save money. Many people in the country opt for buying land and real estate. Sudanese citizens and investors have a habit and a culture of buying real estate to save their money. For this reason, real estate purchases increased lately, and property became a safer haven to save money, since prices in the three capital cities of Khartoum have unprecedentedly risen due to the appreciation of the dollar against the pound in the parallel market and the increase in the cost of building materials.

According to experts and specialists in the Sudanese real estate market, many citizens tend to buy real estate and land to speculate because they believe this investment will preserve the value of their money. Moreover, there are no other activities in the Sudanese market and no other trade for speculators.

⁶ 1 US Dollar = 17.9 pounds (almost) according to the rates of the Central Bank on October 25, 2018.

⁷ Source: An article published in a newspaper on 10/9/2017 entitled The Real Estate Sector and Quality of Economic Growth.

In terms of investments, real estate companies in the Sudan expect next year to witness investment flows by international real estate and contracting companies following the announcement by the Ministry of Finance and Economic Planning of facilities and guarantees to foreign financing institutions to implement rural and housing projects and housing projects for the poor. As part of the opening up of the Sudanese market to the global real estate market, housing funds in the different states launched projects and investment opportunities for international companies in vertical housing, apartments and villas for low-income housing in the capital Khartoum. This is part of a plan to expand housing projects in the Sudan to include various groups of society.

It is worth mentioning that the Sudan launched a real estate stock market to regulate the market and control sales and purchases after a total absence of control over the last 20 years during the American embargo and economic sanctions lifted in July 2018. In accordance with the decision by the Ministry of Justice, a government institution will be established to regulate the real estate stock market. This market will guarantee real estate sales and purchases of all types (lands, buildings, farms) and will help in ensuring the validity of documents traded between the buyer and the seller. It will protect their rights to make real estate deals (commercial and sale).

Real estate investments in the Sudan are one of the most important in the country's economy. They are described as the best long-term investment. However, the real estate market is facing major challenges. It needs capital, funds, large financing and stable economic policies because the volatility of the dollar against the Sudanese pound is one of the biggest reasons behind market uncertainty.

8. Kuwait:

According to a report by Kuwait Finance House (KFH), the value of real estate transactions in the first quarter of 2018 increased significantly compared to the seventh quarter and reached almost 832 million dinars, its highest level since mid-2015 and a 43 percent quarterly increase. Despite the stagnation in the real estate market, building trades accounted for 66 percent of the total volume of trading, followed by lands (37 percent) and apartments (3.1 percent). This performance is inconsistent with previous years when the previously mentioned factors were the exclusive drivers of growth in the number of transactions. According to the December 2017 monthly statistical report by the Real Estate Registration and Authentication Department, the number of real estate agencies and contracts registered at the Department is as follows:

Contracts registered in December 2017 (amounts are in million Kuwaiti Dinars):

Sector	Number November	Amount	Number	Amount
Private	236	83	246	82.3
Investments	60	38.4	76	39.113
Commercial	5	25.8	1	0
Crafts	3	2.15	4	3.2

**Number of real estate agencies (November and December 2017) – amounts in million
Kuwaiti Dinars:**

	Number in November 2017	Amount	Number in December 2017	Amount
Private	33	13.9	29	9.538
Investments	1	3.1	1	1.525
Stocks	1	1.5	3	2

9. Iraq:

The real estate sector in Iraq poses significant ML risks, given that transactions related to the purchase of real estate properties were detected through the integration of suspicious funds. There are (23) indicators of unusual transactions related to the sale and purchase of real estate properties which involve money laundering, the most important of which is reflected in requests made by customers to transfer the price of the property to high-risk countries^{4,8} Prices in the real estate sector have increased by 13.5% between 2017 and 2018 (the increase rate in the price of residential property and lands). In addition, the increase in the prices of building materials and the emergence of a new category of customers that have abundant financial resources have led to an increase in the prices of residential property and lands, where the rate of annual increase in the real estate field reached 6% between 2017 and 2018, which makes it a popular market. We would like to point out that the continuous increase in the real estate prices may cause negative repercussions resulting in conflicting practices and a sudden drop in the prices, which would cause, in turn, damages to the country at the economic and social levels, particularly that the real estate sector accounts for 6.6% of the gross product in the country.

⁴The source: the AML/CFT Office in the Republic of Iraq.

The seriousness of this phenomenon is due to the lack of awareness among real estate brokers of their AML obligations when drawing up contracts, the absence of a supervisory authority and the failure to report suspicion. In this context, the importance of conducting a transaction for the purchase of a real estate through financial banking should be emphasized, particularly when dealing with high-risk customers, as access to the information on the beneficiary of the purchase and the customer identification are required. These measures are important because they increase the intensity of monitoring and coordination with the professionals working in the sector. Based on the information made available through the examination of this sector and its relevant work mechanism, monitoring rounds should be undertaken by the supervisors of this sector to verify the compliance of subjected entities to the requirements set out in the AML/CFT Law. Competent authorities at the Federation of Chambers and Sub-Chambers of Commerce in the governorates should be also informed of the importance of instructing the offices of real estate brokers affiliated to it to place a sign inside the office displaying all the details of communication with the AML/CFT Office, in a place visible to customers. Offices of real estate brokers should be urged to report any transaction suspected to involve money laundering or terrorist financing. It is worth noting that the authority which is responsible for real estate brokers is the authority which licenses their work. A proposal is made for the purpose of coordinating with the Real Estate Registration Department at the Ministry of Justice to monitor the transactions related to the sale, purchase, mortgage and authentication of real estate properties, which are conducted whether through real estate brokers or the parties to the direct relationship.

Third topic: Anti-Money Laundering measures in the real estate field, and coordination among supervisors and the competent authorities:

1. Jordan:

The Department of Lands and Survey is responsible for supervising licensed real estate agents in Jordan. It is also responsible for monitoring the compliance of these agents with AML/CFT requirements in line with Article 12 of Law No. 53 of 2001 on Regulating Real Estate Offices and its amendments. This Article stipulates that “real estate offices shall: a)... b) implement all AML/CFT regulations for licensed real estate offices.” According to Article 20 of the 2018 AML/CFT Regulations for licensed real estate offices, “real estate offices shall be subject to the supervision of the Department of Lands and Survey in their compliance with AML requirements...”

The Anti Money Laundering and Counter Terrorism Financing Law No. 46 of 2007 stipulates in Article 13 that “the following entities shall comply with the

procedures stipulated in this law, regulations, instructions and decisions issued pursuant thereto:

- a) ... b) non-financial entities including: 1. Persons or entities trading in real estate and its development. 2. Persons or entities that, on behalf of third party, perform any of the following business transactions:- i) Sale and purchase of real estates; ii) Management of funds or any other financial assets; iii) Management of bank accounts, postal saving accounts or investments accounts in local and international financial markets iv) legal procedures necessary for establishing or managing any legal person, purchasing or selling commercial stores; v) organization of contributions related to the establishing or managing companies.”
- c) Entities or professions to which the Council of Ministers decides to apply the provisions of this law upon the recommendation of the National Committee.

According to Article 3 of the 2018 AML/CFT Regulations for real estate offices, “the provisions of these instructions shall apply to: a) Offices operation in the Kingdom; and b) branches and affiliates of offices referred to in paragraph a of this Article operating outside the Kingdom.”

Article 14 of the Anti-Money Laundering and Counter Terrorism Financing Law No. 46 of 2007 and its amendments stipulates in paragraph a) that entities subject to the provisions of this law shall undertake to comply with the following:

- 1- Give due diligence to the identification of the customer’s identity, legal status, activity of the customer, purpose of the business relationship and its nature, and the beneficiary owner of the relationship between the entities and the customer, if any, and verifying such, as well as the continuous follow up of the transactions that are conducted through an ongoing relationship with their customers by any of the means determined in accordance with the relevant legislation.
- 2- Refrain from dealing with anonymous persons, and persons, companies and banks with fictitious or anonymous names.
- 3- Notify the Unit immediately of any transaction suspected to be related to money laundering or terrorist financing whether such transaction is conducted or not, by the means or the form approved by the Unit.
- 4- Comply with the regulations, instructions and decisions issued by the Unit or the competent supervisory and regulatory authorities.
- 5- Pay special attention to the high-risk customers' categories, business relationships or transactions and set the relevant measures including:
 - First: Risk management systems for money laundering and terrorist financing to include the classification of customers into categories according

to the degree of risk while developing the required measures to appropriately deal with such risks.

- Second: Policies and measures for preventing the exploitation of new technologies in money laundering and terrorist financing.
- 6- Keep records and legal instruments to document the local and international financial transactions to include sufficient data to identify such transactions; as well as maintaining such records, documents, legal instruments, data and information including customer's due diligence data and beneficiary owners for at least five years from the date of completion of the transaction or the date of termination of the business relationship, as the case may be, which shall be updated periodically.

The Department of Lands and Survey and the AML/CFT Unit cooperate and coordinate by taking the necessary measures to exchange information through liaison officers appointed for this purpose and through bilateral MOUs that define and clarify the scope of exchange of information.

2. Sudan:

Real estate transactions are monitored by the Land Authority and the Land General Registrar, where all fees related to buying and selling operations in the real estate sector that take place through real estate agencies in the real state sector (brokers, real estate agents, real estate development companies) are registered and paid with the Land Authority and a general registrar. Lands.

With regard to the field of combating money laundering, there is a self-regulating body, the Union of Office Owners and Real Estate Agencies, which supervises and controls brokers and real estate agents, based on the Employers' Organization Act of 1994 and its articles of association.

In general, and in terms of registration, licensing, liquidation and other measures, the work of companies is regulated by a registrar of companies at the Ministry of Justice according to the Companies Act of 2015. The Commercial Registration Department, which is one of the specialized departments at the registrar that handles commercial registration, carries out the registration of real estate companies and supervises the registrations entrusted to the Minister of Justice. The Ministry of Labor's regulations of 1983 identified the prerogatives of the Department concerning the registration and supervision of companies pursuant to the Act, the registration of business names pursuant to the Registration of Business Names Act 1931, and the registration of commercial agencies pursuant to the Commercial Agents Registration Act of 1971.

According to the Companies Act of 2015, and among the conditions to establish any company, any person who has committed the crime of money laundering,

terrorist financing or any other crime involving breach of trust, shall be prohibited from establishing or becoming affiliated with a company, according to article 5.

The Real Estate Office Chamber also regulates the work of real estate brokers, with the knowledge that a law on the matter is under consideration and is expected to be issued during the current year.

Among legislative texts that oblige entities operating in the real estate sector to comply with AML requirements in the AML/CFT Law of 2014, article 4 stipulated that: “The control and supervision bodies shall have control and supervision over the activities of financial and non-financial institutions, belonging thereto, or within the scope of its competence, pursuant to the provisions of this Act...” Article 5 also stipulated that: “Financial and non-financial institutions shall take due diligence measures”:

(a) Identify the identity of customers in the following cases:

- (I) When beginning a business relationship with a customer;
- (II) When performing an operation for an occasional customer, the value of which exceeds the limit specified by the regulations, whether conducted as one or several operations that seem to be connected;
- (III) When performing electronic transfer operations in the cases included in article (7);
- (IV) When there are doubts about the validity or accuracy of the previously registered identification data;
- (V) When there is a suspicion of money laundering or terrorist financing.

(b) For all customers, as follows:

- (I) Determine and verify the identity of the customer by using original documents, and data or independent and reliable information, and determine the identity of the beneficial owner and take reasonable verification measures;
- (II) Obtain and verify the identification proof of any person who works for the customer, including proof that such person has a valid prerogative that allows them to work in this capacity;
- (III) Understand the required purpose and nature of the business relationship and obtain any information thereon, as may be necessary;
- (IV) Understand the ownership and control structure of the customer;
- (V) Follow up the business relationship on a continuous basis and conduct an inspection of executed transactions to ensure their compatibility with the information available to the institution about the customer, their business activities, the risk structure related to dealing with them and the source of their funds, when necessary;

- (VI) Update the information, data and documents on a continuous basis, particularly for customers and high-risk persons.
- (VII) Classify customers by risks and take necessary due diligence measures accordingly.

Furthermore, Article 6 stipulates that:

- (1) Financial and non-financial institutions shall abide by the following:
 - (a) Assess exposed risks in the field of money laundering and terrorist financing, including innovated product and technology risks;
 - (b) Provide all records and information of customers and operations in a timely manner to the competent authorities;
 - (c) Inform the Unit immediately when they suspect or have reasonable reasons to suspect that any funds are proceeds, transactions or attempts related to money laundering or terrorist financing;
 - (d) Put in place internal systems, including internal policies and procedures, control systems, compliance, appointment, training and audit according to the controls, standards and rules put in place by competent bodies in conformity with the activity of each and the degree ML/FT risks;
 - (e) Keep records and data related to customers and operations, and ensure the availability of such records and information to competent bodies in a timely manner; and these records include:
 - (I) Records and data obtained through customer due diligence measures, including documents which prove the identity of customers and beneficial owners, accounting files, and business correspondences for at least five years following the end of the business relationship or the date of execution of the contingent transaction, whichever is longer;
 - (II) Records and data related to local and international transactions, whether already executed or there was an attempt to execute them for at least five years following the execution or the attempt to execute them, and such records shall be separated to the extent which allows the enactment of steps of each transaction separately;
 - (III) Records and data related to notifications presented to the Unit, according to the provisions of paragraph (c), and all documents related thereto for at least five years following the date of notification to the Unit, and documents related to a criminal case, pending its completion, even if it exceeds the specified period;
 - (IV) Records related to the risk assessment and any information connected thereto for five years following the date of execution or updating.
- (2) Financial and Non-financial institutions shall put in place a risk management system to determine whether the customer or the real beneficiary is a person of influence according to the following:

- (a) If the person of influence is a foreigner, they must:
 - (I) Obtain permission from the top management of the institution prior to conducting or continuing a business relationship with this person;
 - (II) Take reasonable measures to determine the source of wealth and funds of this person;
 - (III) Conduct enhanced ongoing supervision of the business relationship.
- (b) The procedures set out in paragraph (a) shall be applied if the person of influence is local or a person that occupies a high-visibility position in an international organization and is a high-risk person.
- (c) The procedures set out in paragraph (a) and (b) shall be applied to family members close to persons of influence and any other person close thereto.

Coordination shall take place through the National AML/CT Committee which shall often put in place procedures to be followed and reporting modalities in the event there was any money laundering suspicion.

3. Saudi Arabia:

The Ministry of Commerce and Investment is the supervising and monitoring authority because it is responsible for real estate licensing in the Kingdom. Through its AML Department, the Ministry ensures compliance with the AML/CFT system requirements. It also adopts AML rules and regulations and takes necessary measures to make sure all parties working in the real estate sector respect them.

The Ministry of Justice, through the Land Registry, is responsible for documenting real estate sales and purchases. The Land Registry is the competent government entity responsible for documenting legal contracts and declarations and issuing relevant instruments in accordance with laws and legislations. Notaries document these contracts and declarations which include ownership transfer, mortgages, mortgage redemption, company contracts... The Notary must also respect AML requirements, and according to the Law, they shall report any suspicious transaction.

Saudi laws and regulations on the real estate sector include the “Real Estate Finance Law”, issued by Royal Decree M/50 on 13/8/1433H. The implementation of this Law is supervised by the Saudi Arabian Monetary Agency (SAMA). According to this decree, SAMA shall regulate the real estate finance sector. Article 2 stipulates that Sama shall: “allow banks to engage in real estate finance activities through the ownership of dwellings for finance purposes; license real estate finance companies in accordance with this Law and the Finance Companies Control Law; license a joint stock company (or more) for real estate refinance according to market needs...”.

Given that SAMA is one of the authorities supervising the real estate finance sector, it adopted the AML/CFT rules for finance companies to keep up with local and international AML developments and requirements. It established a specialized AML/CFT department to monitor bodies supervised by SAMA and ensure they implement relevant regulations and instructions.

SAMA also supervises the implementation of the Finance Companies Control Law issued in Royal Decree M/51 on 13/8/1433H. According to Article 4 of the amended Law, “no finance activities, as specified under this Law, may be engaged in without obtaining a license in accordance with the provisions of this Law and other applicable laws.” Article 11 of the amended law prohibits finance companies from trading in real estate and from carrying out other activities.

In Saudi Arabia, real estate offices are subject to the supervision of the Ministry of Commerce and Investment. Article 1 of Decision No. 334 of 7/3/1398H stipulates that “it is prohibited to open a real estate office unless it is registered in the Commercial Register.” The Ministry of Commerce is one of the regulatory and supervisory authorities of real estate companies. The Capital Markets Authority (CMA) is the regulatory and supervisory authority of real estate investment funds.

The AML Law promulgated by Royal Decree No. M/20 of 5/2/1439H and its Regulations referred in Article 7 paragraphs (7/1, 7/2, 7/7, 7/8 and 7/9) to due diligence measures and steps to be taken in cases of ML suspicion.

Article 7 paragraph 9 stipulates that “when a reporting entity suspects money laundering activities and has reasonable grounds to believe that due diligence measures may alert the client, it may decide not to apply due diligence measures, send a suspicious transaction report to the Financial Investigation Unit and mention the reasons which called for the non-implementation of due diligence measures”.

According to Article 15, If financial institutions, DNFBPs and NPOs – including people providing them with legal and accounting services – suspect or have reasonable grounds to suspect that funds or parts thereof are proceeds of criminal activity or they are related to ML transactions, including attempts to engage in such transactions, they shall take the following measures:

- 1- Provide the Financial Intelligence Unit with a detailed report including all available data and information on such transaction and parties involved therein.
- 2- Provide all additional information required by the Financial Intelligence Unit.

Paragraph 1 of Article 16 prohibits financial institutions, DNFBPs, NPOs and any of their directors, Board members, supervisors or employees from alerting clients, or any other person, that a report or information have been or will be submitted

according to the Law to the Financial Investigation Unit or that a criminal investigation has been or is being carried out. This does not include disclosures or communication between directors and employees, or with lawyers or competent authorities.

With regards to cooperation among relevant authorities for AML purposes, Saudi Arabia established a permanent AML Committee in 1999 responsible for AML policies. This Committee must coordinate with relevant authorities and propose AML policies and controls.

4. Bahrain:

The Real Estate Regulatory Authority is responsible for registering real estate. RERA is currently drafting regulations to set the obligations of real estate agents in the field of combating money laundering and terrorist financing.

5. Oman:

In Oman, the Land Registry Office is responsible for documenting real estate transactions. Article 3 stipulates that “the Land Registry Office and its branches carry the in-rem registration works in accordance with the provisions of this Regulation.” According to Article 12, “the cadaster shall have probative force with regard to the validity of data contained therein, which may be changed only pursuant to the present Regulation.” And Article 13 stipulates that “the Land Registry Office and its branches shall be competent to register and notarize the legal instruments and acts made with respect to the Property Unit and to the changes thereto; each within its respective sphere of competence.”

Article 21 stipulates that “properties may be registered in the name of foreign state missions to be used as headquarters or residence thereof provided that same shall be based on the principle of reciprocal treatment.” Articles 28 to 34 provide for the registration of all acts, rights, judgments, and usufruct and lease contracts if the contract period exceeds seven years. Until such registration is completed, acts carried out shall have no effect other than that of pure personal obligations.

Article 1 of Royal Decree No. 21/2004 Regulating Ownership of Real Estate by GCC Citizens in the Member States stipulates that “Natural and legal citizens of GCC states shall be allowed to rent and own built properties and lands for housing or investing purposes...” According to Article 1 of Royal Decree No. 12/2006 on Ownership of Real Estate in Integrated Tourism Complexes, “Omani and Non-Omani natural or legal persons shall be allowed to own land or units in Integrated Tourism Complexes licensed by competent parties for housing or investing purposes...” Legislators in Oman have regulated the ownership of land by companies. They adopted regulations for the real estate sector. Accordingly, legislators allowed companies operating in Oman to own real estate for the

purpose of carrying out their activities in accordance with Ministerial Decree No. 41/2017, or for real estate development purposes in accordance with Ministerial Decree No. 92/2017. They also allowed real estate investment funds to purchase real estate in accordance with specific regulations based on Ministerial Decree No. 95/2017 which was already detailed in the first part of this Chapter.

A Directorate General for Real Estate Development was established as part of the Ministry of Housing. It includes the following departments: The Regulation Department of Real Estate Brokers and Offices, the Department for the Regulation and Supervision of Owners Associations, and the Development and Evaluation Department of Real Estate Development Projects.

The Ministry of Housing is one of the most important supervisory authorities as mentioned in Article 1 of Chapter I of Royal Decree No. 30/2016. At the Ministry of Housing, the Directorate General for Real Estate Development supervises real estate offices. Article 6 of Royal Decree No. 78/86 Issuing the Law to Regulate Brokerage Profession in Real Estate Activities stipulates that “the Broker shall: a) ... b) provide records, copies of documents and contracts in his possession to any concerned government body for examination if requested.” According to Article 5 (repeated), “any person licensed to broker real estate activities shall present their license and its registration number to the Ministry of Housing to be registered.”

There are legislations compelling real estate authorities to respect AML requirements. For example, Article 33 of Royal Decree No. 30/2016 Promulgating the Law on Combating Money Laundering and Terrorism Financing stipulates that financial institutions, non-financial businesses and professions and non-profit associations and entities shall apply due diligence measures, taking into consideration the results of the risk assessment as per the provisions of Article 34 of this law. Due diligence measures include the following:

- a- Determine and verify the identity of customers based on reliable and independent sources, documents, data and information issued by official authorities in the following cases:
 - 1) before establishing a business relationship;
 - 2) before carrying out a transaction for a customer with whom it does not have an established business relationship the value of which is equal to or greater than the threshold specified by the supervisory authority;
 - 3) before executing a wire transfer for a customer with whom it does not have an established business relationship the value of which is equal to or greater than the threshold specified by the supervisory authority;
 - 4) when there is suspicion of a crime of money laundering or terrorism financing;

- 5) when there are doubts concerning the accuracy or adequacy of obtained identification documents and information.
- b- Identify and verify the identity of any person acting on behalf of the customer and seek proof of the authenticity of their power of attorney according to applicable regulations.
 - c- Identify beneficial owners and take reasonable measures to verify their identity in a satisfactory manner. In the case of legal entities and arrangements, the ownership and control structure of the customer should be understood.
 - d- Know the purpose of the business relationship and obtain related information as appropriate.
 - e- Continuously update the data and information stipulated in paragraph (a) of this Article related to its customers and beneficial owners whenever necessary or based on the timeframe specified by supervisory authorities.

According to Article 36, financial institutions, non-financial businesses and professions and non-profit associations and entities, must comply with the following:

- Monitor and scrutinize all relationships and transactions with customers on an ongoing basis;
- Examine data and documents obtained from the customer in accordance with Article 33 of this law, to ensure that it is kept up-to-date and consistent with available records.
- Implement specific and adequate measures to address the risks of money laundering and terrorism financing related to non-face-to-face business relationships or transactions for the purpose of identification.
- Establish appropriate risk management systems to determine whether a customer or beneficial owner is a politically exposed person. If the person is a foreign or local politically exposed person, currently or formerly appointed to a prominent position in an international organization, and provided that the business relationship with such person represent a higher risk, entities shall take the following measures:
 - 1) obtain approval from their senior management before establishing or continuing a business relationship with such person;
 - 2) take suitable measures to determine the source of his funds;
 - 3) implement enhanced monitoring of the business relationship.
- Report threshold transactions specified by the supervisory authority to the Centre.

The Ministry of Housing and its different agencies, as the supervisory authority, is responsible for regulating the work of real estate offices and all other parties

operating in the sector, such as real estate companies to ensure they comply with the requirements of the AML/CFT Law and its regulations. Moreover, if the Land Registry Office identifies any ML suspicious transactions, it immediately notifies the National Center for Financial Information and provides all necessary information.

With regards to coordination, Article 20 stipulates that “governmental and non-governmental institutions in the Sultanate shall cooperate with the Centre in carrying out its function and shall provide it with information related to reports and information it receives from inside or outside, and that it deems necessary to carry out its duties, without invoking confidentiality provisions.” According to Article 23, “when there are sufficient grounds to suspect that funds are related to proceeds of a crime or suspected of being related or linked to money laundering or terrorism financing activities, the Centre shall forward the information and analysis results to the public prosecutor or any other competent authority for appropriate action”.

In addition to the aforementioned, Article 11 of the Decree established the National Committee for Combatting Money Laundering and Terrorism Financing which shall:

- Establish, develop and follow up on the implementation of a national AML strategy in coordination with competent regulatory authorities.
- Identify and assess money laundering and terrorism financing risks at the national level.
- Ensure effective cooperation and coordination mechanisms among competent authorities with respect to establishing, developing and implementing AML/CFT policies and activities.
- Promote awareness among financial institutions, non-financial businesses and professions, and non-profit associations of ML/TF risks.
- Request, collect and analyze statistics and other information from competent authorities to assess the effectiveness of the AML/CFT system.
- Identify high-risk countries in the field of money laundering and terrorism financing, and measures to be taken regarding such countries.
- Add any other activity or procedure to financial institutions, non-financial businesses and professions and non-profit associations and entities.

According to Article 42, “financial institutions, non-financial businesses and professions and nonprofit associations and entities must develop and implement programs for combating money laundering and terrorism financing and apply them to all members of the financial group”.

In addition to the foregoing, Article 44 stipulated the following: Financial institutions, non-financial businesses and professions, and non-profit associations and entities shall comply with the following:

- a. Retain all records, documents, information, and data, both domestic and international for a period of at least (10) ten years after a transaction is carried out. Such records must be sufficient and detailed to facilitate tracking and retrieving every transaction when required according to the provisions of this law.
- b. Retain records, documents, information, and data, obtained through the CDD measures set out in this Chapter and in particular, account files, business correspondence and findings of any analysis conducted, for at least (10) ten years after the end of the business relationship or the conduct of a transaction for a customer who has no business relationship with it.
- c. Immediately provide these records, documents, information, and data to judicial authorities, the Center and the supervisors, each within its competence, upon request. These authorities may request, at their discretion, to extend the period set out in this Article.

FIs, DNFBPs and non-profit organizations and entities may keep authenticated copies of the original records, documents, information, and data for the said period. These copies shall have the same legal effect as the originals in relation to evidence.

6. Palestine:

The real estate sector in Palestine is not supervised by any regulatory, supervisory or self-regulatory body. However, a government authority called the Land Authority is responsible for land registration. Land ownership is documented at the Ministry of Finance (the General Directorate of Property Tax). Yet, the Land Authority does not supervise the real estate sector. Moreover, a self-regulatory body called the “Union of Real Estate Developers” was recently established, however it cannot be considered a real estate regulatory body.

Sometimes – as is the case for real estate sales – if the amount exceeds 5000 dollars, whether in cash, check or remittances, there are financial follow-up procedures that must be respected in accordance with the AML Law and the 40 recommendations.

As for companies operating in the real estate sector, they are subject to the general rules of company registration. However, these rules do not provide a regulatory and supervisory framework. There are no legislations or controls to regulate the work of real estate companies and entities and no authority to supervise these companies. The Capital Market Authority (CMA) is responsible for regulating real estate mortgage companies. It is currently working on a law to regulate the real

estate mortgage sector in cooperation with the World Bank. The law is inspired by the Law No. 45 of 1953 on Immovable Property as Debt Security.

The AML/CFT Law No. 20 of 2015 is one of the legislative and regulatory texts which compel real estate entities to respect AML requirements. Article 6 stipulates: “Financial institutions and non-financial businesses and professions should carry out the following:

- 1- Should not keep anonymous accounts or accounts in obviously fictitious names and identify and verify the identities of their customers (natural persons or legal persons) and beneficiary owners through documents, data or records in the following cases:
 - a) The development of a business relationship.
 - b) The execution of any transaction by an occasional customer when:
 - i) A transaction which value equals or exceeds the value set by the Committee According to instructions issued in this regard;
 - ii) A domestic or international transfer.
 - c) Doubt about the accuracy or adequacy of previously obtained data concerning the identity of a customer.
 - d) Suspicion of Money Laundering or terrorist financing.
- 2- Collect information on the anticipated purpose and intended nature of the business relationship;
- 3- Exercise requisite, ongoing prudence regarding any business relationship, and carefully study transactions executed and their purpose.

Paragraph 7 of the same Article stipulates that “if financial institutions and non-financial businesses and professions are unable to meet their obligation to exercise the requisite ongoing prudence mentioned in clauses 1-5 of this article, they may not establish or continue in a business relationship, and they must, when necessary, submit a report to the Unit according to this law.”

According to Article 9 paragraph 1, financial institutions and the defined non-financial businesses and professions must devote enhanced due diligence to the following:

- a) All abnormally complicated and major transactions and all types of irregular transactions that have no clear, obvious economic or legal objective.
- b) All financial transactions and business relationships executed by natural persons or legal persons in countries that do not apply, or do not appropriately apply, international standards for combating money-laundering or terrorist financing operations.

Paragraph 3 of Article 9 stipulates that “financial institutions and non-financial businesses and professions must prepare a written report containing specific

information on the transactions mentioned in clauses (a ,b) of paragraph (1) of this article and the identity of all concerned parties. This report must be kept as stipulated in Article (10) of this law. It must also be provided if requested by the Unit, the supervisory authority, or other competent authorities.”

According to Article 10, financial institutions and non-financial businesses and professions must retain all records and documents for at least 10 years.

In terms of AML coordination between relevant authorities in Palestine, they coordinate in the follow-up on suspicious cases referred to the Financial Follow-Up Unit (FFU) which include real estate cases. Coordination starts when the reporting entity takes preventive measures. Financial institutions resort to the necessary procedures to identify, verify and apply due diligence measures on transactions that may involve real estate sales or purchases. Real estate is a high-risk product because it protects the value of the money and results in high cash deposits.

7. Qatar:

The Real Estate Registration Department at the Ministry of Justice is responsible for supervising real estate transactions in accordance with Article 1 of Law No. 14 of 1964, to which we have already referred in the first part of this Chapter.

Moreover, real estate brokerage offices are subject to the supervision and control of the Ministry of Justice. Article 2 of Law No. 22 of 2017 prohibits “practicing real estate brokerage activities without a license from the Department in accordance with the provisions of this Law.” According to Article 10, “a committee shall be established in the Ministry called the Real Estate Brokers Committee.”

A department was established at the Ministry of Economy and Commerce called “Corporate Management Department” to implement the provisions of laws, regulations and decisions that regulate companies, supervise and control insurance companies and regulate the accounting profession. The Department includes 1) a Corporate Inspection Division and 2) a Corporate Establishment Division...).

Law No. 4 of 2010 was adopted to make sure real estate entities respect AML/CFT requirements. Article 41 of the Law stipulates that “a supervisory authority may issue or make regulations, directives, rules, guidelines, recommendations or other instruments, for the implementation of the provisions of this law and for the purpose of fighting against money laundering and terrorism financing.” According to Article 42, “supervisory authorities shall supervise compliance by financial institutions, NPOs and DNFBPs with the requirements stipulated in this law.” Article 43 stipulates that “no one may operate as a DNFBP without prior

registration by the relevant supervisory authority, taking into consideration legal regulations specific to each business and profession.”

In terms of AML cooperation among relevant parties in Qatar, Article 18 of the Law stipulates that “financial institutions, DNFBPs and non-profit organizations and their personnel, shall report promptly to the Unit any suspicious financial transactions or any attempts to perform such transactions, regardless of the amount of the transaction, when they suspect or have reasonable grounds to suspect that these transactions include funds that are proceeds of a criminal activity or are linked or related to, or to be used in terrorist acts or by terrorist organizations or those who finance terrorism...”

According to Article 19 of the same Law, “the Unit, in coordination with the supervisory authorities, shall issue directives and guidelines to assist financial institutions, non-profit organizations and DNFBPs in implementing and complying with their respective anti-money laundering and terrorism financing requirements and filing suspicious transaction reports.”

Article 20 stipulates that “the Unit shall report to the Public Prosecution the findings of its examination and analysis when there are reasonable grounds to suspect that money laundering or terrorism financing acts have been committed. The Unit may request the Public Prosecution to apply preventive measures about suspected proceeds of crime, potential money laundering, or potential terrorism financing in accordance with the provision of Article (126) of the Code of Criminal Procedure.”

8. Egypt:

The executive regulations of the Anti-Money Laundering Law No. 80 of 2002 and its amendments stipulated that the supervisory authorities responsible for supervising the work of non-financial professionals and businesses are responsible for their compliance with the legally established anti-money laundering regulations and rules, and are divided as follows:

1. The supervisory authority for companies operating in the field of real estate development is the Real Estate Development Chamber of the Federation of Egyptian Industries.
2. The supervisory body for companies operating in the field of real estate financing is the Financial Supervisory Authority.
3. The supervisory authority for companies operating in the field of real estate brokers is the Ministry of Trade and Industry.

As clarified in the previous section, real estate transactions in Egypt, like any other country, are documented by the competent authority (the Land Registry). Some sales are carried out by initial contracts; however, the sale must be

documented at the Land Registry. According to Article 1 of Law on Documentation No. 68 of 1947, “land registration offices shall have the sole and exclusive jurisdiction to notarize legal documents.” Article 2 of the Law stipulates that registration offices shall: receive and notarize papers; prove official documents; preserve document assets...

According to Article 3, “offices shall notarize all legal papers except marriage contracts...” and according to Article 5, “before notarizing the document, the Notary shall verify the eligibility, approval, authority and capacity of the contractors.”

Article 5 of Law No. 114 of 1946 stipulates that “every office shall notarize contracts related to real estate within its jurisdiction.” According to Article 31 of the Law, “a book shall be prepared by the office to document contracts in lists numbered according to the date and hour of the submission.”

Article 2 of the Real Estate Finance Law No. 148 of 2001 as amended by the President’s Decision No. 55 of 2014 stipulates that “without prejudice to the competence of the Egyptian Competition Authority and the prevention of monopoly, the Authority shall regulate, supervise and monitor all real estate financing activities defined in this Law in line with the rules and standards of its Board to ensure that funding is consistent with the financial capacity of the applicant in light of the general situation of the market. The Authority shall adopt financing rules, procedures and conditions, and define credit limits, the financing to property value ratio, or the security provided as the case may be.”

As for the establishment of real estate finance companies, Article 28 stipulates that “the real estate finance company shall be an Egyptian joint stock company (SAE), and the issued and paid up capital thereof shall not be less than the limit as mentioned and indicated in the executive statutes.” According to Article 33, “the company shall prepare and submit its financial statements to the Authority in accordance with the standards and dates set by the Authority’s Board of Directors.”

Law No. 17 of 1999 on Commerce indicates in Article 1 of its General Provisions stated that “the provisions of the present law shall apply to trading activities and to all natural or legal persons for whom the quality of trader is established.” Article 5 includes “.....activities which shall be considered trading works in case they are exercised by way of profession, such as ... the construction, purchase or rental of realties with the aim of selling or leasing them complete or divided into apartments, rooms, or administrative or commercial units...”.

According to Article 30/1 “a register shall be provided at the administrative quarter concerned, in which the names of traders shall be recorded, whether individuals or companies.” The real estate investment sector is subject to the supervision of the Federation of Egyptian Chambers of Commerce at the Ministry of Trade and Industry while the real estate development sector is subject to the New Urban Communities Authority established pursuant to Law No. 59 of 1979

at the Ministry of Housing. As for the real estate brokerage sector, it is subject to the supervision of the Ministry of Trade and Industry.

As for legislative texts that oblige real estate entities to comply with AML/CFT requirements, Article 1 of the Anti-Money Laundering Law No. 80 of 2002, which stipulates that “in applying the provisions of this Law, the following words and phrases shall have the meanings ascribed to them unless otherwise stated:

(f) Financial institutions article 7 states:”Entities conducting mortgage activities and entities dealing in mortgage-related securitization; g) Non-financial professions and businesses: 1) Real estate agents – when they engage in transactions for their clients concerning the buying and selling of real estate; Lawyers and accountants – whether they practice their profession as sole practitioners or partners or employed professionals within professional firms when they prepare for, or carry out, transactions for their clients concerning the following activities: a. Buying and selling of real estate...”.

According to Article 7, “entities responsible for supervising financial institutions and non-financial professions and businesses shall establish and provide adequate means for ensuring that such financial institutions and non-financial professions and businesses comply with the systems and rules prescribed by law for combating money laundering or terrorist financing, including the reporting of transactions suspected of being proceeds or involving money laundering or terrorist financing. Such entities, financial institutions, and non-financial professions and businesses shall provide the Unit with the data, information, and statistics necessary for carrying out its duties, in accordance with the rules and procedures to be set by the Unit...”.

Article 8 stipulates that “financial institutions and non-financial professions and businesses shall promptly report to the Unit any transactions suspected of being proceeds or involving money laundering or terrorist financing, as well as attempts of conducting such transactions regardless of their value and shall establish systems adequate for applying customer due diligence and other rules and procedures relating to combating money laundering and terrorist finance to be set by the Unit”.

According to Article 9, “financial institutions, and non-financial professions and businesses shall maintain records and documents for domestic or international financial transactions that contain sufficient data for identifying such transactions; keep such records and documents, along with data records of customers and beneficial owners of natural and legal persons for a period not less than five years from the date of completing the transaction with them, or from the date of closing the account, as the case may be; unless the Unit or investigation authorities request them to maintain such records and documents for a longer

period. Financial institutions and non-financial professions and businesses shall update such data periodically and provide access to such records and documents to judicial authorities upon request”.

In accordance with the AML Law Regulations issued by the Prime Minister’s Decision No. 951 of 2003, regulatory and law enforcement authorities are responsible for the supervision of financial institutions and non-financial businesses and professions. These include the Ministry which supervises real estate brokers.

With regards to real estate brokers, the General Organization for Export and Import Control, by virtue of a Ministerial Decision, established the Commercial Real Estate Brokers Department. This Department is responsible for setting up a register where each person carrying out real estate brokerage activities shall be registered.

After Decision No. 1094 of 2008 was issued by the Minister of Trade and Industry, Decision No. 2676 of 2008 was adopted on regulations of real estate brokerage activities. The regulations include a commitment by real estate brokerage entities to develop a system that allows them to receive necessary information to identify their customers in line with the “know your customer” principle; prohibit dealing with anonymous persons; and keep records and documents relating to brokerage transactions for at least 5 years.

As for cooperation, the Ministry of Trade and Industry cooperates with the AML/CFT Unit, especially in terms of issuing and developing regulations for real estate brokers and agents and preparing necessary legislative amendments. The Financial Regulatory Authority and the Unit also cooperate to issue and amend all regulatory and supervisory legislations, as well as the rules to identify customers and real estate finance companies, their activities and implementation of AML/CFT procedures and requirements.

9. Kuwait:

Most real estate properties and real estate transactions in the State of Kuwait is carried out in the real estate registration department in accordance with Article 3 of Law No. 5 of 1959. According to Article 53, the real estate registration department stipulated the establishment of a committee that reviews draft laws, regulations and decisions related to real estate registration. According to this Law, authentications to be registered must include data that demonstrates the identity of each party and the identity of representative and the extent of their powers, in addition to necessary data to establish the location and size of the real estate property, and the authentication to be registered according to Article 13 of the same Law.

When it comes to investments, Law No. 116 of 2013 on promoting direct investments in Kuwait in Article 33, granted the capacity of judicial officers in order to monitor the implementation of this Law and its implementing regulations and decisions. The same Law also authorized the Direct Investment Promotion Authority in Article 4, among its tasks, to oversee and monitor the performance of direct investments and identify any hurdles they may encounter and attempts to overcome such hurdles in coordination with the competent authorities.

The Kuwaiti Ministry of Commerce and Industry issued the ministerial decision No. 430 of 2016 on the rules governing the business of establishments and companies engaged in the real estate brokerage profession and real estate offices regarding anti-money laundering and the combating of terrorist financing. The decision included enough articles to govern the work of these entities and to oversee their business and their level of compliance with AML requirements. Article 2 referred to precautionary measures regarding the adequacy of policies, work procedures, systems, and internal controls put in place by companies and establishments engaged in the real estate brokerage profession and real estate offices, compared to policies and procedures put in place by supervisory bodies.

Furthermore, these entities are subject to the supervision of the Ministry of Commerce and Industry and are obligated to assess ML/FT risks related to their commercial activities. They shall take appropriate measures to determine, assess, oversee, manage and reduce ML/FT risks. The decision also requires real estate companies and establishments to implement enhanced due diligence measures, such as risk factors related to customers, in terms of the business relationship carried out in unusual circumstances and activities involving cash or subject to ML/FT risks, and the business relationship and transactions that are not carried out in the presence of the customer, pursuant to Article 3 of this decision.

It also prohibits companies and establishments engaged in the real estate brokerage profession and real estate offices from establishing commercial transactions with unknown customers or customers using fictitious names. They must also determine and verify the identity of the customer or the beneficial owner, by using documented and independent document, data or information in the following cases: a- prior to conducting any transaction with a customer; b- when there is a suspicion related to ML/FT operations; c- when there is a suspicion related to the validity or adequacy of the available data related to the identity of the customer, Article 4.

Legal texts in Law No. 106 of 2013 on anti-money laundering and the combating of terrorist financing identified non-financial businesses and professions, including pursuant to Article 1 on definitions: a- Real estate agents; b- ...; c- Lawyers, independent legal professionals and accountants, when they prepare,

execute, or conduct transactions for customers in relation to any of the following activities – purchase or sale of real estate – management of a customer’s funds... - establishment, operation or management of legal persons... selling or purchasing companies...).

Supervisory authorities responsible for ensuring compliance by financial institutions and non-financial businesses and professions include (the Central Bank of Kuwait, the Capital Market Authority, the Ministry of Commerce and Industry, and any other entity designated by the Executive Regulation of this Law).

Article 4 of Section 2 on preventive measures stipulates that financial institutions and designated non-financial businesses and professions shall conduct enhanced due diligence measures where the risk of money laundering or terrorist financing is identified as being high. They may conduct simplified due diligence measures where the risk is identified as lower. However, simplified due diligence measures may not be applied where there is a suspicion of money laundering or terrorist financing.

The Law also requires financial institutions and non-financial businesses and professions to carry out due diligence measures according to Article 5 in order to (identify and verify the identity of the customer and beneficial owner; understand the purpose and nature of the business relationship; monitor the business relationship on an ongoing basis and examine any transaction carried out to ensure they are consistent with their knowledge of the customer; and understand the ownership and control structure of the customer).

When it comes to suspicious transaction reports and coordination between entities operating in the real estate sector, financial institutions and designated non-financial businesses and professions are required to report to the Unit without delay any transaction or attempted transaction, regardless of the value thereof, if they suspect or have reasonable grounds to suspect that such transaction involves proceeds of crime or funds related to or linked to or to be used for money laundering or terrorist financing, Article 12 in Section 3.

Supervisory authorities shall regulate and monitor compliance by financial institutions and designated non-financial businesses and professions with the requirements set forth in this Law, its Executive Regulation, or any relevant ministerial decisions and instructions according to Article 14. Article 19 also stipulated that “whenever the Unit has reasonable grounds to suspect that funds are proceeds of crime or are related, linked to, or to be used for money laundering or terrorist financing, it shall notify the public prosecutor’s office and forward the relevant information to competent authorities”. The Unit shall also notify the

relevant supervisory authorities if a financial institution or designated non-financial business and profession or any employee thereof, fails to comply with the requirements contained in this Law.

The Ministry of Commerce and Trade, along with the Kuwait Financial Intelligence Unit and the Kuwait Central Bank signed a memorandum of understanding with entities concerned with combating money laundering and terrorist financing.

10.Iraq:

Entities operating in the real estate sector in Iraq are governed by a set of special laws to protect entities operating in this sector and guarantee the compliance of these entities with AML/CFT requirements. The Iraqi real estate registration law aims to guarantee and protect real estate legal conduct and establish any resulting rights, pursuant to strong foundations that guarantee their stability and reassurance for protecting any related rights to guarantee the stability of real estate transactions.

Brokers, whether natural and legal persons are subject to the supervision of the Iraqi Chamber of Commerce and Industry to determine their compliance with AML/CFT requirements. According to Article 9 of the Brokerage Law No. 58 of 1987, a broker's obligations include "faithfully sharing with both parties any available data on the transaction. They must also sign a copy of the contract that he brokered and retain said copy for 5 years. They must keep a record authenticated by a public notary and including the names of contractors, the nature, date, location and value of the contract. They must retain all documents received from both parties to the contract. They must also provide a copy of the data and contracts that they have retained to any competent party", provided that public entities are capable of accessing these records and contracts that they have retained pursuant to Article 10.

Companies are subject to supervision pursuant to Company Law No. (21) of 1987, as amended. The AML/CFT Law No. (39) of 2015 determined supervisory authorities, which include (the Ministry of Trade, the Ministry of Industry, the Central Bank of Iraq, the Iraqi Securities Commission, and any other body which issues within its purview as a supervisory authority by a decision from the Council of Ministers. The abovementioned Law requires financial institutions and designated non-financial businesses and professions in article (10) to carry out customer due diligence measures:

1. Identify and verify the identity of the customer and the beneficial owner by using documents, data or information from reliable, and independent sources;
2. Identify and verify the identity of any person acting on behalf of the customer;

3. Understand the purpose and nature of the business;
4. Understand the ownership and control structure of legal persons and arrangements;
5. Monitor the business relationship on an ongoing basis and examine any transactions carried out to ensure they are consistent with their knowledge of the customer, their commercial activities and risk profile, and where required, the sources of their funds.

According to article (11), financial institutions and designated non-financial businesses and professions shall keep records and documents for five years following the end of the business relationship with the customer... article (12) stipulates that these institutions shall fulfill the following obligations: (establish and implement AML/CFT programs, including – assessing ML/FT risks related to their business; putting in place policies, procedures and internal controls for the implementation of AML obligations; establishing and implementing adequate standards of integrity when selecting employees; implementing ongoing training for officers and employees to ensure a better understanding of ML/FT risks, and identifying irregular or suspicious transactions and behavior and respond accordingly...).

The Central Bank of Iraq established the anti-money laundering and counter financing of terrorism office – the financial intelligence unit – to carry out the following tasks at the central level (receive or obtain reports or information on transactions suspected to include proceeds of predicate offences or linked to money laundering or terrorist financing from reporting entities; analyze reports or information; suspend the execution of financial transactions for a maximum period of (7) seven working days, whenever there is a concern that the proceeds would be smuggled; and refer reports based on reasonable grounds of suspicion of money laundering, terrorist financing or predicate offences to the public prosecution presidency...). Through the AML strategy, the office is working on monitoring cases suspected by supervisory authorities for follow up and referral to the judiciary pursuant to the Law.

Chapter 3: Money Laundering through the Real Estate Sector

First Topic: Attracting Factors for ML in the Real Estate Sector:

As is well known, the main objective of ML operations is to legitimize funds that are of illegal origin. Perhaps the most important reason for the success of this process is finding an accommodating environment to move those funds in the community without being subjected to confiscation and at the same time allowing the criminal to escape punishment. To do that, there are several internal and external factors that may, all or some, contribute to attracting criminals to use the real estate sector as a means for ML. In this framework, a range of internal and external factors can be addressed.

A number of factors have been found in the responses to the information request questionnaire, which have a significant role in attempting to exploit this sector to launder the proceeds from ML offences in countries, including:

1. Weakness and ineffectiveness of the regulatory authorities concerned with controlling and regulating the real estate sector in the field of combating ML.
2. Lack of advanced information systems that can help regulatory authorities in uncovering information and analyzing them to expose ML cases.
3. Non-cooperation of persons subject to the provisions of AML laws, such as real estate companies and real estate offices, with the regulatory authorities and the competent authorities in the state and refraining from reporting suspicious cases in order to achieve their personal interests.
4. Lack of experience in the ways and means for detecting money laundering through the real estate sector among employees working in the bodies subject to the provisions of the law is an attractive factor for ML through this sector.
5. Low efficiency of the administrative and regulatory authorities in controlling the real estate sector.
6. Increase of poverty in the social segments, spread of corruption in the administrative bodies and bribes among employees, buy-offs, and the attempt of individuals to obtain extra income in addition to their public job, facilitates the tasks of the offender by paying bribes to the employee to disregard reporting an ML suspicion case.
7. Political corruption in the state where politicians intervene and impose their political influence to protect some illegal practices and to allow the violation of some regulations in order to facilitate money laundering.
8. Defects in the laws and legislations of the state and legal gaps that help professional lawyers manipulate the laws to stop any attempt to arrest

criminals, and the provision of legal advice by lawyers to take advantage of those gaps.

Among the external factors that play an important role in attempting to exploit this sector in the laundering proceeds resulting from money laundering crimes, we find the two most important factors are the following:

1. The absence of international cooperation leads to low levels of effectiveness among ML tracking procedures.
2. The political conditions in some countries contributed to the establishment of a fertile ML environment through them.

Second Topic: Trends and Methods Used in Money Laundering through the Real Estate Sector:

ML crime is a subordinate crime that presupposes the occurrence of a predicate crime that result in illegal funds. These funds constitute sources of the ML crime. In order to legitimize illegal proceeds, the phenomenon of money laundering has grown, and several internal and external elements, in addition to the human element that is considered as the main engine, in the completion of the ML operation, taking into account that there is usually a bank that serves customers, "seller and buyer," especially banks that have custodian services in order to prove that the sale and purchase operation is real and not fictitious of fact and not visual and thus accept cash deposits and transfer them into balances within accounts. Further, cash dealings between sellers is a major obstacle to regulatory authorities making difficult to detect any suspected money laundering operations. There are various methods used for money laundering ranging from simple to complex, as well as newly developed methods. In this section, we will shed light on the trends and methods used in ML in the real estate sector. Among these methods:

1. Buying real estate as a first step and then selling it at a later stage in order to obtain bank checks for the amount of the sold items as a second step and then using these checks to open bank accounts for the money launderer so that the source is known and legitimate to the bank. This method is among the simple methods of money laundering. Usually, accounts are opened in more than one bank to ensure the success of the concealment of funds. In this case, we should consider the value of the property sold and not the value of the amount paid⁹.
2. Buying touristic or investment resorts for the purpose of managing them. The return from these investments is a justification for the existence of legitimate money.

⁹ Money Laundering / Comparative Study Dr. Samar Fayez Ismail / Zain Legal Publications.

3. The buyer, whether individuals or legal persons, pays a large and unusual amount for a property in cash, while it can be paid by checks or other means of payment.
4. The usually bought properties are those located in the outskirts and are of large areas and could be used for large projects or farms. They are bought and then sold to someone else who wants them desperately after adding some simple and inexpensive construction such as a “fence, modest building, or guard quarters,”.
5. Criminals resort to privileged locations and luxury apartments and houses for their very high prices.
6. Buying real estate for the purpose of building housing projects and then reselling the apartments or houses to a number of people is one of the ways to find legal sources for the rest of the money.
7. The buying and selling operations may be fictional through a group of brokers and companies affiliated with the criminal, administratively or legally, or have an interest with him. The weak and small banks are exploited in terms of oversight and in terms of the efficiency of the combating and controlling systems in these operations without knowing that they were victims of a money laundering scheme.
8. Buying properties sold in public auctions. These are supervised by official bodies as they are carried out in a formal and public framework. After winning the auction, the money launderer resells the property to obtain checks for the new price and then deposit them in banks in a legitimate manner and known source.
9. Real estate companies sell their properties by installments with offers for payments to be made at long intervals and at the lowest premium value and thus use payment methods carried out by many individuals and on a regular monthly basis through a bank selected to receive money from customers as payment for the value of premiums they owe the company.

Third Topic 3: Risks of the Exploitation of the Real Estate Sector in ML Operations:

There is no doubt that ML offences have serious negative effects on states be it economically, politically, or socially. These risks are classified as follows:

First: Risks of ML offences at the social level:

1. Success of criminals in escaping from the security authorities and from prosecution and confiscation of funds encourages others to commit the same act, which leads to an increase in crime rates and thus an increase in the rates of societal corruption.

2. Increase in unemployment rate, since criminals conceal the source of their dirty money by trading property and then reselling it to obtain legitimate cash, which they will launder to other countries through banking channels thus leading to the transfer of part of the national domestic income and savings to other countries, which results in a lack of investment spending necessary for the provision of jobs for citizens.
3. Lack of values among members of society and the proliferation of a quick gain and easy money culture without effort or sweat.
4. Stealing the wealth of the people and plundering their gains, leading to an increase and spread in poverty and misery while criminals enjoy the fruits of their crimes.
5. Spread of a culture of crime and of quick gain and easy money without effort or sweat.
6. Spread of the crime phenomenon on a very broad base, such that individuals became used to it and are incapable of resisting it and are taking up crime as a profession.
7. Poor and unequal distribution of national income among the sections of society and the monopolization of the upper class of the largest proportion of the income, leading to increased social tension and the tendency to crime¹⁰.
8. Money laundering has a social impact given its association with social activities. It is a form of addiction for those with illegal income resulting from drug trafficking or tax evasion¹¹.

Second: Risks of ML offences at the economic level:

1. Rise in domestic prices, which contributes to inflationary pressures on the economy, and threatening the economic and social development.
2. High real estate prices in a way that is not commensurate with the real benefit from the property.
3. Real estate speculation in order to make quick profit. Speculation does not provide real added value to society anymore and profit is fully transferred abroad without benefiting the national economy creating a wide gap and fluctuations in real estate prices leading to consecutive and great losses for investors, contractors, and brokers and the reluctance of both the seller and the buyer to supply and demand new properties¹².
4. Lack of national income and domestic savings, as mentioned above, such that countries are forced to resort to loans or international financing, leading to increased debt and inability to pay.
5. Source of continuous bleeding of internal funds abroad, no matter how much cash flows into the state, the outflow is double.

¹⁰ Money Laundering / Comparative Study Dr. Samar Fayez Ismail / Zain Legal Publications.

¹¹ ML Phenomenon and International Efforts to Combat It / Case Study of the Arab Maghreb / Mohammed Abbasi

¹² Ibid.

6. Turning investment projects into fictitious projects that aim only to smuggle foreign currency and cover ML operations.
7. Continuous weakening of the economy, leading to the collapse of states.
8. Increase in public expenditure and the depletion of state resources in the combatting of this phenomenon.
9. Increase in real estate prices rise with a decrease in purchasing power, which leads to stagnation in the real estate market.
10. Reluctance of domestic investors to invest their money inside the country and opting to transfer it abroad, thus creating a repelling environment for investment.
11. Effect on the currency and the exchange rate both in countries exporting money for laundering purposes or receiving countries. This is because replacing the national currency derived from criminal activities with foreign ones in order to launder them by means of exchange leads to a decrease in their value due to the increase in national currency supply against foreign currencies demand. In general, the increase in local currency supply, coupled with increased demand for foreign currency, drains the country's foreign exchange reserves, leading officials to raise interest rates; and it is known that a high interest rate is a major obstacle for investment. Furthermore, the entry of illegal foreign funds into the country where ML takes place increases foreign cash flows and thus increases the demand for national currency. This leads to an increase in the price of the national currency to more than its real value, which brings about great risks, mainly a change in the value of the national currency in a way that does not reflect the reality of economic performance¹³.

Third: Risks of ML at the Political Level:

1. Increase in the influence of wealth owners over local communities, which facilitates the establishment of dangerous organizations and entities that undermine the security of states and leads to the possibility of imposing their own laws on the community.
2. As aforementioned, making wealth owners a source of strength and control over the political and security system, which undermines the power and influence of official authorities¹⁴.
3. Increased threat to the future, security and safety of states.
4. The financing of ethnic and sectarian conflicts and the spread of terrorism because there is a link between ML and terrorist, extremist and violent organization.
5. Military and political coups where ML is used to provide financial support and to finance the purchase of arms needed for such coups around the world¹⁵.

¹³ The Effects of Money Laundering, Dr. Sheikh Hassan Agha Nazari, Ali Hashem Al-Baydai, *Ibid*.

¹⁴ Money Laundering / Comparative Study Dr. Samar Fayez Ismail, *Ibid*.

¹⁵ ML Phenomenon and International Efforts to Combat It, *Ibid*.

Chapter 4: Analysis of the Information Request Questionnaire Outcomes

In order to obtain data and information about the real estate sector in the countries of the region as a whole and to understand the legislative frameworks governing the work of the sector and the difficulties that accompany the collection of information about the sector and its customers and the solutions that can be developed to reduce these obstacles and difficulties, whether at the local or international level, as well as understanding the risks that surround the sector and the studies that took place on this subject, a questionnaire was sent to Member States to study typologies and means of ML through the real estate sector in the countries of the region and in order to reach a clearer analysis and results which would contribute to:

- a. Assist countries in understanding the different trends and methods of ML through the real estate sector,
- b. Assist in identifying the risks of ML operations carried out through the real estate sector and how to deal with them,
- c. Assist states in improving their capacities to detect and combat ML,
- d. Promote regional cooperation among member states to combat this phenomenon.

In addition, case studies relating the exploitation of the real estate sector were requested, and 12 cases were presented. Nine countries answered the questionnaire, these are: the Hashemite Kingdom of Jordan, Saudi Arabia, the Republic of Sudan, the Republic of Iraq, the Sultanate of Oman, the State of Palestine, the State of Qatar, the Arab Republic of Egypt and the State of Kuwait.

First Topic: Analysis of the Member countries responses to the questionnaire:

Following the analysis of questionnaires received from Member States as described above, several important facts have been deduced. These were divided into the following categories:

First: Information on the real estate sector in the countries of the region:

The questionnaire showed that there are many types of brokers who deal with the sale and purchase of real estate, such as real estate agents or real estate intermediaries, real estate development companies, real estate marketing companies, and lawyers, and it is possible to deal in real estate without the use of brokers. Also, it was found that direct transactions between the seller and the buyer without the use of a broker were the most prominent followed by brokerage

through real estate brokers. The countries of the region also stressed that the real estate sector in general is controlled by governmental regulatory authorities with regards to the process of land ownership registration. These authorities were mainly: Department of Lands, Ministry of Housing, Ministry of Justice, Ministry of Commerce, and other government agencies, with respect to registration and documentation as mentioned before.

Regarding the granting of licenses to operators in the sector as brokers in the sale and purchase of real estate, they are granted by self-regulatory bodies as well as government agencies.

It is worth noting that land in the State of Palestine is of a different nature than the rest of the countries. The land was divided according to the Oslo agreement into three categories or areas (A, B, C). The process of settling and proving the ownership of land and real estate in the Land Registry Department in Palestine is not documented in official circles, especially in areas that are not under the control of the Palestinian government, and there are also processes for the ownership of local citizens, their right of ownership is guaranteed by the laws and rules in force in the region.

On the one hand, foreigners can own land or real estate in the countries of the region, whether they are natural or legal persons according to specific rules and conditions specific to each country and stipulated in the domestic laws of the countries. Exceptions: The GCC countries do not allow foreign ownership of land, except for GCC citizens who can own land within the GCC States.

Also, all payment of sale and purchase transactions are largely carried out through cash, followed by payments through checks or in the manner agreed upon by the parties. But this is completely different in Saudi Arabia, which prohibits cash dealings in real estate transactions, and everything should go through official channels adopted by the State (electronic payment, checks). While in Jordan there is no binding payment method for the sale and purchase transactions, it may be in cash or certified checks with the exception of land and real estate registration fees collected by the Department of Land and Survey, if the amount of the fee is more than 1000 JOD, payment should be made via a certified check.

Second: Legal and institutional framework:

This category includes a number of aspects related to the legal and institutional frameworks governing the dealings in the real estate sector in the region in terms of the existence of legislation, regulations and regulatory controls for the sector in general, the existence of special AML/CFT legislations, and the quality and nature of the regulatory authorities supervising the real estate sector in the countries of the group, and the means of coordination between the relevant parties in the real estate sector in the AML field and the competencies and jurisdictions of regulatory

authorities over the real estate sector. The results of the analysis of this category were based on the information provided in the questionnaire as follows:

- In terms of the existence of national legislations, it has been found that many countries have national legislations regulating the work of companies and entities dealing in the real estate sector, whether laws or regulations and guidelines, and reference could be made to the legal framework category in the study.
- Below are the AML / CFT legislations, and it is noted that the countries of the region have national legislations that necessitates the implementation of AML / CFT requirements stipulated in the AML / CFT law, which obliges parties working in the real estate sector to comply with AML / CFT requirements. The practical implementation of the requirements in the field of real estate transactions is facing several difficulties.
- In the data presented in the questionnaires, which dealt with the competencies and jurisdiction of the regulatory authorities supervising the real estate sector to practice its supervisory role, it was found that the competencies of these authorities are as follows:
 1. Authority to grant licenses to the entities and companies that work in the real estate field.
 2. Supervisory and regulatory authority over companies operating in the real estate field.
 3. Power to impose sanctions.
 4. Exchange information with competent authorities.
- It was noted that the supervisory and regulatory authorities that organize the work of the real estate sector in general are the same authorities that supervise the implementation and compliance with the AML / CFT requirements, and they are often of a governmental nature.
- There is coordination in the exchange of information and reports in various forms (such as suspicious transactions reports STRs), as well as the development of AML controls in the sector through memorandums of understanding.
- It was noted that most of the authorities that supervise and regulates transactions in the real estate sector in the region conduct periodic and regular inspections of companies operating in the real estate sector. But in the answers provided by the countries there was nothing that indicated that the inspections follow a risk-based approach, except for the Kingdom of Saudi Arabia. There was also no evidence to indicate that the authorities impose sanctions for violations committed by real estate agents, and the data did not also clarify the nature of the violations that have been discovered.

Third: National risk assessment in the general context:

- This part of the questionnaire addressed the extent to which national risk assessment (NRA) processes are carried out by countries, and whether the assessment includes the risks related to the real estate sector in addition to the level of real estate risks and the main challenges facing regulatory authorities and stakeholders with regard to AML requirements.
- The countries that conducted a national risk assessment, including risks in the real estate sector, represented 24% of the group of countries that responded to the questionnaire.
- Countries that have completed the risk assessment process have classified the ML risk in the real estate sector as low risk based on the results of the NRA as well as on the received notifications and criminal information.
- Countries that did not complete the risk assessment process accounted for 76% of all respondents.
- Countries that have not completed the risk assessment process have classified ML risks in the real estate sector as high based on suspicious cases received by the FIUs, as well as criminal information and information received from law enforcement agencies.

Fourth: Key challenges and risks:

The main challenges and risks faced by the countries of the region were mostly legislative or regulatory challenges as well as technical challenges. These are:

1. Lack of laws requiring workers in the sector to comply with the requirements of combating money laundering.
2. Absence of restricted requirements to prevent persons or companies to obtain a license from the competent authorities.
3. Lack of regulatory authorities for some companies to verify their compliance with AML/CFT requirements.
4. Lack of knowledge and awareness among real estate brokers regarding ML and ML risks and methods of ML through real estate.
5. Existence of many lands within areas that have not been settled or areas outside the jurisdiction of the concerned state.
6. Difficulty of verifying the extent to which the real estate sector is comply with the AML/CFT requirements.
7. Using cash as one of the payment methods in sales and purchases operations.
8. Large number of real estate brokers, which is required to enhance supervision procedures continuously.
9. Lack of awareness of ML risks among those working in the sector.
10. Laws regulating this sector and its transactions do not including AML requirements.
11. Lack of transparency and clarity in property trading procedures.

12. Lack of financial, technical and human resources of the sector's regulatory authority.
13. Diversification of activities carried out by real estate development companies in Sudan in addition to their real estate activities.
14. The absence of administrative sanctions obliging real estate companies and brokers to comply with AML / CFT requirements.
15. Hiring of local companies by foreign ones to carry out the sales and purchasing operations without ensuring that the foreign company applies AML / CFT requirements.
16. Poor administrative and regulatory activities regarding payment methods and the transfer of funds between dealers in sale and purchase operations in the real estate sector.

Fifth: Factors Attracting Money Laundering in the Real Estate Sector:

As a result of the analysis of the request for information questionnaire and the experience of the countries of the region with the regards to the reasons for the growing exploitation of the real estate sector in ML operations, several attraction factors have emerged explaining the exploitation of the real estate sector in ML. These factors are:

1. Different property prices depending on location and constructed buildings, thus making the property attractive to money launderers.
2. High level of security in real estate and the reliability of title deeds given that they are issued by legal entities helps in protecting the assets.
3. Continued instability in some countries and areas of conflict enhances the possibility of illegal transfer of funds and exploitation of the real estate sector to launder those funds.
4. High use of cash and informal economy, which poses a significant risk of the remittance of illegal proceeds into the formal economy through the real estate sector.
5. Fluctuation of the currencies of some countries in the region, leading to the inability to control the prices of real estate.
6. The size of the informal real estate sector and the volume of revenues likely to be laundered through this sector is one of the attractive factors for money launderers as it provides a cover not available in financial institutions.
7. Inactive legislations.
8. Lack of adequate information on ML and ML among workers in the real estate sector.
9. Absence of provisions in the current legislations obliging some sectors to comply with AML requirements.
10. Countries are moving towards expanding and building new cities and urban communities and developing some old areas through various initiatives

supported by the states to provide residential units for citizens according to the different categories of income.

11. Lack of a risk-based inspection plan.

12. Lack of reporting by entities that monitor suspicious activities.

13. Difficulty in determining the beneficial owner of purchase and sale operations in the sector.

Sixth: Coordination and cooperation at the national and international levels:

1. Coordination mechanisms at the national cooperation level:

Entities	Mechanism
FIU	<ul style="list-style-type: none"> - Coordinating and working through the official channels and through liaison officers appointed for the purpose of coordination between the AML / CFT Unit and the supervisory bodies or central authorities concerned with registration or licensing. - Through MOUs signed in the field of information exchange between the central authorities and the AML / CFT Unit for the purpose of achieving cooperation and coordination among the central authorities and FIUs for the exchange of information pertaining to land ownership of natural or legal persons.
Regulatory and supervisory authorities	<ul style="list-style-type: none"> - Appointing internal liaison officers in the regulatory and supervisory authorities or central authorities concerned with registration, which helps in accessing the required information and liaising them to the Unit, thus ensuring the confidentiality of the information. - Sending suspicious reports to the FIU. - Periodic meetings and reports between the central authorities and the FIU.
Others	Permanent AML Committee responsible for the development of national AML policies. One of its tasks is to coordinate with concerned authorities and to propose policies and regulations that combat money laundering.

2. Challenges facing AML competent authorities in the exchange of information at the national cooperation level:

Regulatory and supervisory challenges	<ul style="list-style-type: none"> • Lack of information at the Land Registration Department for a large part of lands that have not been settled and are not subject to the State's authority. • Lack of databases in some authorities and the absence of regular statistics.
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Legal challenges	<ul style="list-style-type: none"> • Laws that prohibit the exchange of information except by judicial order. • Evading official and proven real estate transactions and using customary contracting methods. • Access to several government agencies (electricity, water, land registry, property taxes, etc.) to obtain information related to properties owned by persons under investigation. • Lack of cooperation of some entities in the exchange of information due to different administrative affiliations.
Technical Challenges	<p>Absence of electronic systems in some authorities, thus not allowing the provision of information in a timely manner.</p> <p>Lack of updated information at the competent authorities, which weakens the quality of information.</p>
Others	<p>Lack of personnel with AML experience at the Land Authority.</p> <p>Weak financial and human resources.</p> <p>Lack of multi-agency cooperation protocols.</p>

3. Proposals submitted by States to find solutions to the obstacles and difficulties facing access to and exchange of information at the national level within the State. The most prominent solutions are:

- Establishing electronic channels for communication between the FIU, law enforcement agencies and concerned authorities for rapid communication.
- Strengthening personnel and establishing dedicated AML departments within the national authorities, especially within the central authority (Land Authority).
- The need to support the digital transformation of government agencies and authorities responsible for public utilities, registration of property and obligations (electricity, water, land registry, real estate taxes, etc.), so that an electronic database is created that includes adequate data for all citizens and their property.
- Legislative amendments and regulatory measures to overcome the problem of lack of official proof of real estate transactions.
- Implement the necessary mechanisms and procedures that require the payment of the value of real estate transactions through official financial and banking channels.

4. Obstacles to international cooperation, confiscation of real estate assets and recovery of funds derived from money laundering:

- Reluctance of some countries to enter into bilateral or collective agreements or treaties that help detect offences of money laundering through real estate.

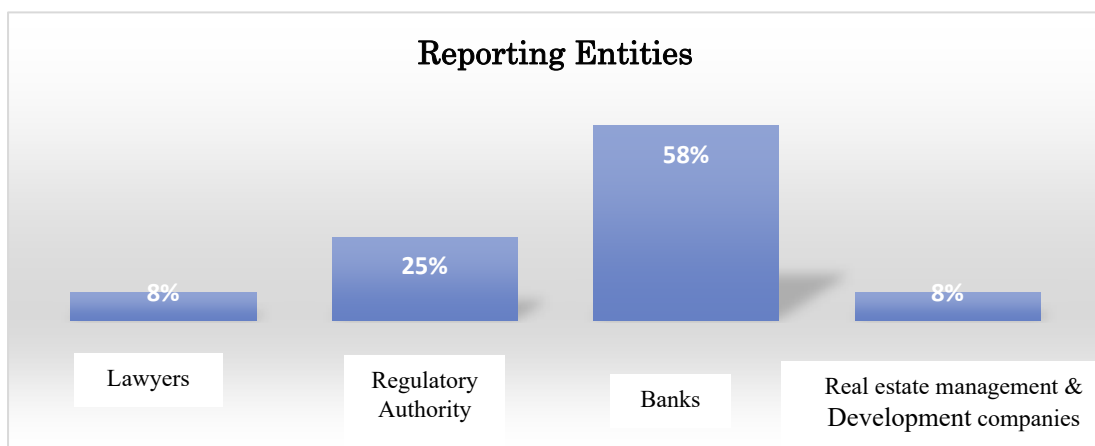
- Differing characterization and criminalization of the act at the international level precludes prosecution of the perpetrator as it is considered a transnational crime.
- There are obstacles related to the availability of real estate data and the ability to enforce the law with the competent authorities, especially in areas not under the control of some states.
- Different internal regulations within states regarding procedures for confiscation and recovery of funds and real estate assets.
- Some states do not respond to legal assistance requests.
- No memorandums of understanding.
- Delayed response of some countries affects subsequent procedures or leads to the loss of asset value.
- Ownership of such property to well-intentioned third parties.
- Difficulty tracking sources of funds.

Second Topic: Analysis of case studies received from Member States.

This section deals with the analysis of the case studies from the countries mentioned above which amounted to 12 cases. The analysis was done according to given categories, which are as follows:

First: Reporting Entities:

Based on the study and questionnaire, there are several entities that have reported cases suspected of being linked to the exploitation of the real estate sector in ML/TF operation. These include banks, regulatory and supervisory authorities of the sector itself, as well as lawyers and real estate development companies. These are shown in the table below:



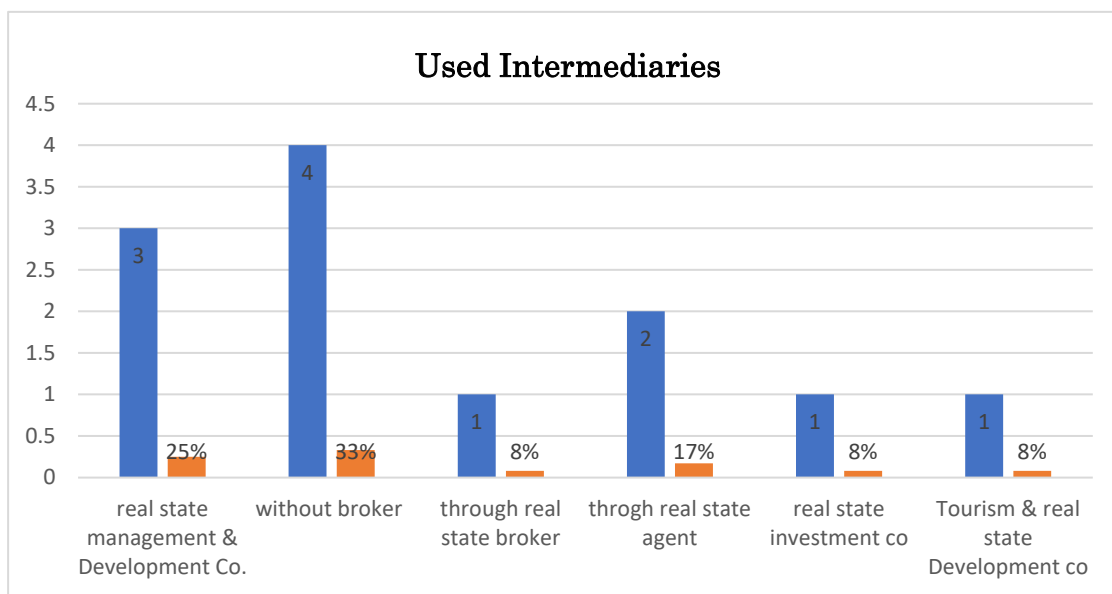
The above diagram illustrates the following:

- Banks ranked first in terms of ML reporting in the real estate sector with 58% of the total reporting entities.

- The percentage of reporting by regulatory authorities was 25% and they came second in terms of reporting.
- Ranked last in terms of reporting were real estate management and development companies and lawyers by 8% each.
- The biggest reporting ratio is among banks more than other entities. This may be attributed to the weakness of the legal framework and the absence of mandatory reporting by those operating in this DNFBPs sector or to the lack of awareness and adequate knowledge of ML and TF reporting requirements. Especially as the FIs sector is the most organized and aware of the AML / CFT requirements.

Second: According to Exploited Intermediaries:

Through the questionnaire, several intermediaries working in the real estate sector were introduced (real estate agents, real estate brokers, real estate developers, real estate marketing companies, without the use of intermediaries). The result came as follows:



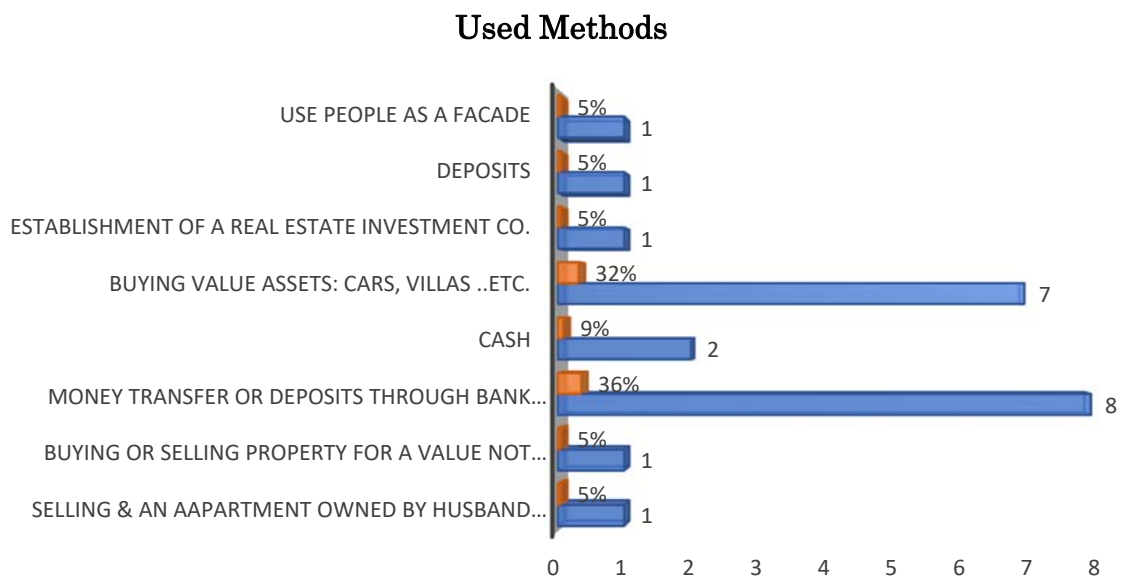
from the above diagram we conclude the following:

- It was concluded that direct dealing without the use of intermediaries and through real estate management and development companies are the most exploited intermediaries in ML operations, with 33% and 25%, respectively, of the total exploitation volume of 58%.
- Transactions through real estate agents amounted to 17% and came in third place.

- Exploitation of the rest of the intermediaries such as real estate investment companies, development and real estate tourism, and real estate brokers amounted to 8% each.
- On the other hand, we find that the exploitation of real estate companies in different activities (investment, development, and real estate tourism) represents more than 41% in total and affirms the fact that real estate companies are the most exploited in ML operation in the real estate sector.

Third: Used Methods:

There are several ML methods could use in the real estate sector, which can be summarized and explained in the following diagram:



From the above diagram, we conclude the following:

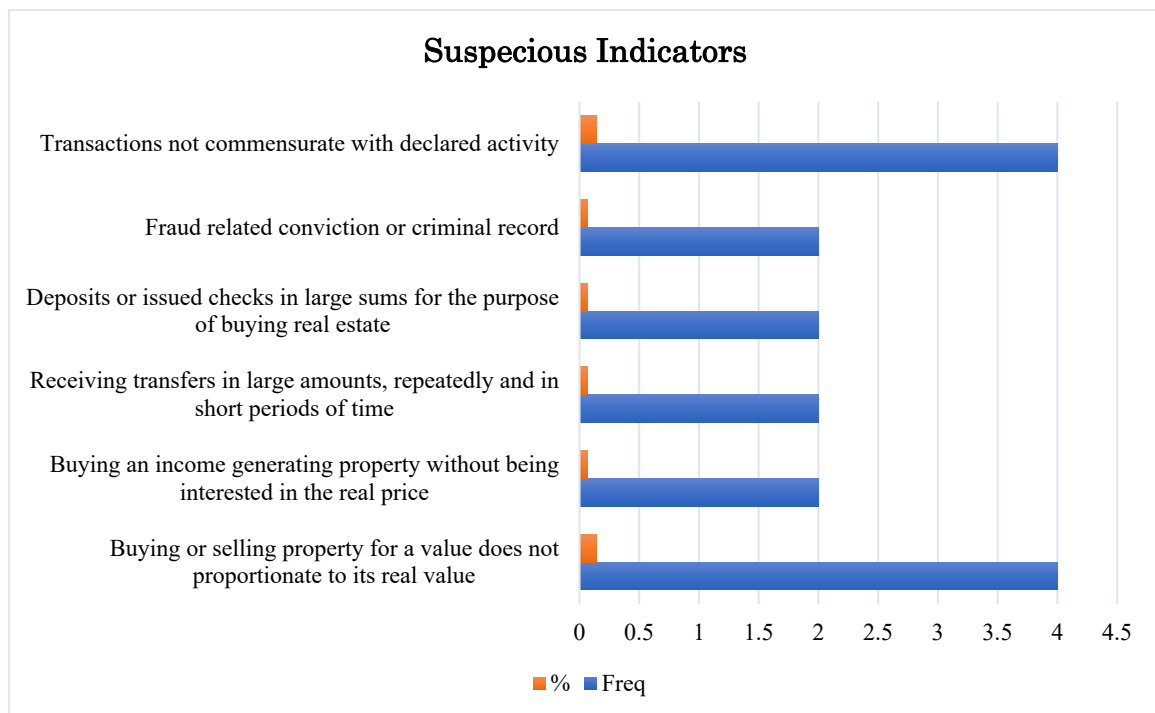
- Use of remittances as well as deposits through bank accounts ranked first by 36%, followed by the purchase of assets (cars, shops and villas) in second place by 32%, and in third place came cash dealings by 9%.
- Use of remittances through bank accounts was the highest used typology if compared to reporting entities, where banks have ranked first in terms of reporting (58%), according to figure (...), this typology is at the core of the banking sector.
- Although the predominant trait in the countries of the region is the use of cash in transactions in the real estate sector, the use of cash as a typology of exploitation came third by 9% This leads to weak reporting from DNFBPs and from regulatory and supervisory authorities.
- The following typologies scored the same ratio of 5%:

1. Buying or selling a property at a value not commensurate with the actual value.
2. Establishing a real estate investment company.
3. Linking bank deposits.
4. Sale of apartments owned by ordinary people "husband and wife" to a real estate management and development company.

Third Topic: A list of suspicious transactions indicators derived from the analysis:

First: Indicators inferred from the analysis of case studies:

The study revealed several suspicious transactions indicators that imply the exploitation of the real estate sector in ML operations. More than 18 indicators were identified out of which the six indicators shown in the diagram below have obtained the highest percentages:



The remaining 12 indicators, which recurred only once, were as follows:

1. The customer sells real estate registered in his personal name to a company owned by the same customer.
2. A foreigner buys a property for a huge amount without knowing the method of payment.
3. Sudden movement in the account and frequent and sudden checks.
4. Different signature.
5. Completion of the sale even though the buyer is outside the country.
6. Speed of the transaction.
7. Not inspecting the property before completing the transaction.

8. Owning several apartments in a number of towers.
9. Issuing a bank check and retrieving it in a short time.
10. Kinship between the buyer and the real estate agent.
11. Deposits in the account from persons unrelated to the suspect's work.
12. Violations in registration procedures.

It is noted that the majority of the indicators are indicators related to the banking sector (such as different signatures, sudden movement in the account and frequent and sudden checks and issuing bank checks and retrieving them in a short time), due to the acquisition of banks of 58% of the reporting agencies, which may also lead to what has been previously deduced, a weak understanding of the DNFBPs and other entities charged with reporting of AML requirements in the region.

Second: Other indicators (these indicators were set out based on the answers to the questionnaire on the request of information and the provision of case studies):

13. Buying or selling a property at a price not commensurate with its actual value, whether by increase or decrease, in comparison with the market prices or the prices of similar real estates in the same area.
14. Repeated buying of real estate properties whose prices do not match the buyer's usual capacity.
15. Customer buys a property intended for personal use (family house), provided that it is registered in the name of a company that he owns.
16. Customer makes a deposit in cash but then pulls out from the transaction and requests a refund by cheque.
17. Customer makes the necessary deposit for the purchase of the property through a cheque issued by a third person who has no clear relationship with the customer.
18. Customer is unconcerned about inspecting the property and verifying its structural condition before completing the purchase or the transaction he wishes to complete.
19. Customer buys multiple properties in a short period of time, while being unconcerned about their location, condition, and costs of repair.
20. Customer sells properties he owns without caring about the price.
21. Customer registers properties or mortgages in the name of another person to conceal ownership.
22. Customer buys a property at a price higher than its actual value, provided that he agrees with the buyer to repay the difference to the customer outside the scope of the official authorities.
23. Buying and selling real estate properties in fictitious names, provided that the customer sells the property shortly after buying it at a price below the purchase value.

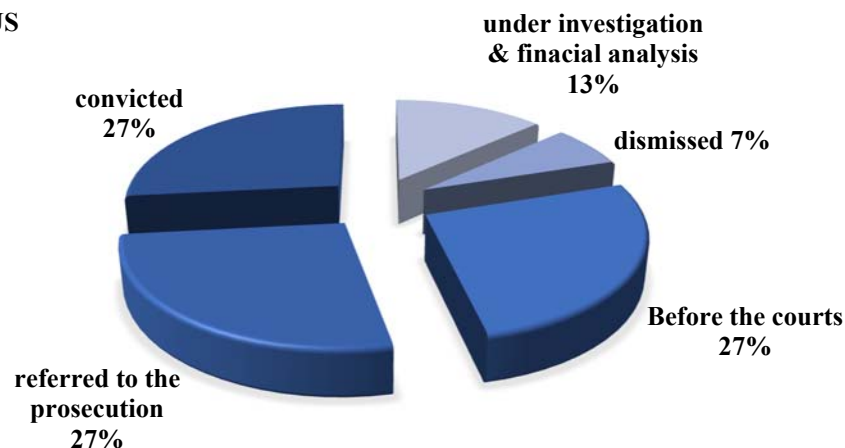
24. Customer pays the price of the purchased property from funds originating from high-risk jurisdictions.
25. Customer requests the real estate office to transfer the price of the property to high-risk jurisdictions.
26. Conducting complex transactions involving several properties, through purchase, re-sale, exchange and barter.
27. Customer is not willing to show his name on any files that can link him to the ownership of properties or uses different names when making purchase offers.
28. Buying properties in the name of another person who has no clear link or justified relation with the customer.
29. The name of the buyer is replaced shortly before the completion of the transaction without sufficient or clear justification.
30. Purchase transactions are partially or wholly financed by an unusual source or from an offshore bank.
31. A series of transactions is conducted to conceal the illicit origin of funds, and these transactions can be ranked under the layering phase.

Case Status:

There are many cases on which the study was based. These show the effectiveness of the AML/CFT system and they were as follows:

- Cases referred to the prosecution 27%.
- Cases with convictions and verdicts 27%.
- Cases before the courts 27%.
- Cases still under investigation and financial analysis 13%.
- Cases that were dismissed 7%.

CASE STATUS



Despite the low number of suspicion cases received for investigation and review, amounting to 12 cases, the status of these cases indicates the success and effectiveness of the control systems in this sector in the countries of the region. Most of them were concentrated in the FIs sector (banks) as reporting entities

58%, 33% real estate development companies, direct dealing without intermediary 25%. The most prominent typology is (transfers to and from bank accounts) 36%. Most of the indicators refer to the banking nature, i.e. the trend reflected in the increased use of the banking sector in ML operations that might stem from the real estate sector.

Key Findings and Recommendations

Key Findings:

1. Diversity of real estate brokers, whether licensed or not, in addition to the fact that sale and purchase transactions are not restricted to a particular entity.
2. Absence of regular databases in many countries to provide inventory, record and provide proof for properties of various types.
3. Absence of data, inventory and proof of real estate transactions within official bodies in several countries.
4. No obligation to prove real estate transactions with official bodies in some countries and allowing transactions to be carried out with customary papers. Ordinary persons can also conduct real estate transactions without an intermediary just by being present in person or through authorized signatories of legal persons without the need for real estate intermediaries.
5. Widespread use of cash as the most common method of settling payments for real estate transactions , with no obligation to disclose the value of these real estate transactions through official financial and banking means and systems, making it difficult to identify the parties to the sales and purchase and to track sources of funds, which is a loophole through which suspicious funds could be transferred. Thus, making this vital sector susceptible to exploitation in ML operations hidden from the eyes and control of regulatory authorities.
6. Absence of a regulatory authority for some types of institutions operating in the sector, weakness of the supervision and control over some real estate sectors, lack of active supervision over some entities, in addition to the diverse affiliation of some institutions to more than one regulatory authority, which makes it difficult for regulatory and supervisory authorities to perform their job.
7. Failure and non-enforcement of existing and regulatory legislations that oblige fulfilment of and compliance to AML/CFT requirements.
8. To date, some countries have not completed the NRA risk process and have not applied a risk-based approach, thus identifying ML/TF risks represented by the sector.
9. Minimal number of notifications received by the FIUs from entities operating in the real estate sector and those concerned with property registration or concerned with mediation between the seller and the buyer. The reason may be due to the lack of understanding of the entities of ML risks through the real estate sector and the lack of training among stakeholders.

10. Lack of administrative and financial sanctions for non-compliance with the requirements of AML/CFT in the sector.

11. Attention and due diligence given by some countries to this sector are not proportionate with the risks posed by this sector and are not equal to the attention given to FIs.

12. Lack of training and awareness raising provided to workers in this sector, as well as lack of qualified human resources.

Recommendations:

1. Issuing new legislations and updating and activating existing ones related to the organization of work, supervision and control of entities operating in the real estate field, and to imposing compliance with AML requirements.

2. Taking the necessary steps (legislative, regulatory or procedural) that will identify and document the various types of real estate at the competent official bodies and obligate those bodies to validate all transactions done through them, as well as payment of the values and settlements of financial transactions resulting from dealing in real estate through official banking and financial means, methods and systems.

3. Activating the role of the supervisory and regulatory authorities over the entities operating in the real estate sector in order to ensure that they comply with AML requirements and grant them the powers to impose sanctions and penalties proportionate with the degree of violation or non-compliance.

4. Establishing a national mechanism to facilitate the exchange of information and statistics related to transactions within the real estate sector; and activating cooperation and coordination between the entities operating in the real estate sector, regulatory authorities and official bodies concerned with the inventory and registration of real estate properties and transactions, as well as FIs through which the financial settlements of real estate transactions will take place, and the FIU.

5. Urging all states to use automated systems for the establishment and updating of real estate databases, which contributes to:

- ✓ Identifying, registering and documenting real estate properties in the state institutions concerned with inventory and registration.
- ✓ Facilitating and limiting the transactions and changes in the ownership, circulation and value of real estate, and identifying the number of operations carried out during a certain period, which leads to the increase in the efficiency and effectiveness of the institutions mentioned above.
- ✓ Facilitating the identification of any unusual activity or unreasonable real estate value, such that a (warning or alert) is sent to the party concerned in monitoring unusual movements to examine each transaction separately, which

may be associated with ML, as is the case in financial institutions (such as banks). The expertise of the banking sector can be used in this case.

- ✓ Necessity of obtaining data and names of designated persons and entities listed on international or local lists or those with whom dealing is forbidden or whose assets are required to be frozen or confiscated so that official authorities can take the necessary procedures to verify any similarity in names between designated persons and those who are party to a real estate transaction.

6. Urging countries that have not yet completed the ML/TF NRA to expedite the process. For when states identify their risks, it becomes easier to develop effective AML systems that contribute significantly to addressing these risks adequately, including risks arising from the development of new products and professional practices to provide real estate services, or from the use of new technologies that are still under development. Countries should assess those risks before launching new products.

7. Focusing on training and developing the capabilities of the real estate sector workers, both in the public and private sectors, and the employees of the regulatory authorities, as well as the employees of the official bodies concerned with recording and documenting real estate sale and purchase transactions, to find indicators, trends and methods of executing suspicious transactions, and the measures that must be implemented when an ML operation has been discovered, especially that this impacts the increase in the number and quality of notifications in case of suspicion.

8. Encouraging countries to examine indicators, as well as patterns and trends of money laundering through the real estate sector in other countries, which contributes to detecting criminal behavior that aims at exploiting the real estate sector.

9. Urging States to sign bilateral and multilateral agreements that facilitate the tracking of crime proceeds through which the real estate sector can be exploited and facilitate the recovery of real estate assets and their proceeds associated with ML offences.

Annexes

Annex (1) Case Studies

Case No. (1): Sudan:

The FIU received a notification from the regulatory authority of the sector that a real estate transaction was made in Area (1) owned by (X), who requested (5.5) billion for this plot of land. (X) received a phone call from a person called (Y) from another state, who expressed his desire to buy the concerned plot of land and paid (6 billion) in cash¹⁶.

The reasons and causes of suspicion were as follows:

- High land value.
- No bargaining on price.
- Purchasing the plot of land at a price higher than the advertised price.
- Speedy transaction.
- The buyer did not see the land (phone call).

The case remains under analysis and investigation.

Case No. (2): Sudan:

A notification was received from a lawyer stating that (X) and the sister of (Y) of foreign origins had purchased apartments in several towers and residential complexes. The causes of suspicion were: 1. Owning (45) apartments, and 2. Large cash transactions.

By analyzing the received information, the Unit discovered that (X) is registering the purchased properties in the name of his family members (intermediaries), he also owns several businesses, companies and bank accounts and sells other apartments foreigners from other nationalities.

The case was referred to the AML / CFT prosecution.

Case No. (3): Palestine:

A suspicious report was sent to the FIU from one of the banks operating in Palestine about (J.M) who with her brother (Joe) opened a bank account in the Development Bank. They are Spanish citizens. Through CDD procedures on the International Enquiry System given that the aforementioned are foreigners, it was discovered that (J.M) had a criminal record and has committed fraud in Columbia through land seizure and participation in illegal contracts. When (J.M.) wanted to open an account in bank (X) she disclosed that the money to be deposited in the account are from the sale of a land plot.

Reasons and causes of suspicion were as follows:

- Presence of (J.M.) name on the International Enquiry List on issues related to fraud, and the list showed that (J.M.) is a politically exposed person (PEP).
- (J.M.) purchased real estate in Palestine. The value of the properties she bought was \$ 320,000, without knowing how (J.M.) paid the money to the owners, and then she sold them for \$ 1,750,000. This increase in the price of the land is illogical and one of the most important indicators of the existence of money laundering.

Through analysis, the unit identified the following:

- Through the response of the Ministry of Foreign Affairs it became known that Jessica purchased several properties in Palestine based on an irrevocable power of attorney signed in Colombia by the sellers, who are located in Colombia, which may indicate that the buyer purchased the land from illegal proceeds.
- The name of Jessica is on the International Enquiry List regarding issues related to embezzlement.
- The aforementioned opened an account for the purpose of depositing money derived from the sale of land which consolidated the suspicion of the presence of an ML offence from money derived from illegal sources.
- Colombia is also classified as a high-risk country in narcotics and psychotropic substances.
- Based on these results, the FIU transferred the file to the Public Prosecutor on suspicion of ML, the money is suspected to be derived from fraud operations and was used to purchase real estate.
- Case Status: before the court.

Case No. (4): Palestine:

A suspicious report was sent to the FIU by one of the banks operating in Palestine concerning the existence of an indictment by US authorities against a person called (W.A.) for fraud against the American health care system and an ML case. Furthermore, the Court of Michigan has issued a verdict to seize his assets worth (1,670,080) US dollars.

Reasons and causes of suspicion were as follows:

- Transfer of large and recurring amounts of money from the accounts of (W.A.) with banks in the US to his account with a bank in Palestine worth (2,768,107) US dollars.
- (W.A.) issued checks from his personal accounts to purchase plots of land and buy shares in shops totaling \$ 2,240,000

¹⁶ US \$ 1 equivalent to 47.1 Sudanese pounds according to the prices of the Central Bank of Sudan on 25 October 2018.

- (W.A.) also deposited two checks valued at approximately \$ 715,000 and the reason for the deposit was the sale of two plots of land.
- The existence of a case of fraud against the American health care system and an ML case against (W.A.) in the US.

Through analysis, the Unit identified the following:

- Transfers of large and frequent amounts of money to the accounts of (W.A.) during short periods of time. He had done these transfers from his bank accounts in the US to his bank accounts in Palestine.
- The period during which (W.A.) transferred the funds from the US to Palestine coincided with the period on which the US authorities based their charges of fraud against the US health care system and ML issued against him. His accounts before that period of suspicion showed normal and simple financial activity, while the period of suspicion was characterized by frequent and large transfers of funds.
- He used the amounts transferred to his accounts for the purpose of buying plots of land and shares in shops in Palestine.
- The Court of Michigan issued a decision for the seizure of all funds in (W.A.) accounts in Palestine which amounted to about US\$ 973,118.

Case status: The FIU transferred the file to the Public Prosecution for suspicion of ML offence, whereby Wassim has committed fraud against the American health care system and used the funds for the purchase real estate.

Case No. (5): Palestine:

A suspicious report was sent to the FIU by a bank regarding a person named (D.A.) who was suddenly receiving clearing checks to his account suddenly and the signatures on the checks were incorrect and did not match the original signature of (D.A.) at the bank. The bank also stated that the account of (D.A.) is an old account with no movements, and during the year 2012 began clearing checks began appearing in his account repeatedly and abruptly. The information provided by the bank also indicated that (D.A.) is out of the country.

Reasons and causes of suspicion were as follows:

- Sudden movement on the account of (D.A.) through the receipt of checks repeatedly and abruptly.
- The difference in (D.A.) signature in comparison to the original signature at the bank.
- Information available to the bank states that (D.A.) is outside the country.

Through analysis, the Unit identified the following:

- (D.A.) owns a house in Palestine and according to the information received by the Unit the house was burglarized, and the security authorities were informed.

- The Unit found out that (D.A.) died of a relatively old age and was suffering from an illness.
- The Unit found that there is a check submitted for collection in hundreds of thousands of dollars was used in the purchase of a piece of land between a person called (N.N.), who is the person who submitted the check for collection – i.e. the land owner, and (D.A.) the buyer of the land. It was agreed that the price of the land will be paid by a deferred check, the ownership of the land has been transferred to (N.N) who then sold it to a person called (F.F).
- It was also determined that the checks submitted for collection were used in commercial operations.
- The Unit has concluded that the checks may have been stolen from the house of (D.A.) and were forged and used in the purchase of the land.

Case Status: According to its jurisdiction, the Unit submitted a report to the Attorney General based on the availability of reasonable grounds for suspicion that the operations carried out include an ML offence due to the forging of checks and the use of proceeds to purchase a piece of land.

Case No. (6): Jordan:

A real estate management and development company applied for approval to buy (64) apartments for the purpose of managing and developing these apartments. It turned out that the partners in the company are themselves the owners of the apartments subject of the transaction. The reasons that led to suspicion are the fact that the customer sold properties registered in his personal name to the company owned by the same customer.

Case status: Still undergoing investigation and financial analysis by The AML / CFT Unit.

Case No. (7): Jordan:

The Unit received a transaction that included the sale of a piece of land owned by natural persons and planted with about 1000 olive trees. The owners wanted to sell it to another natural person. The declared sale price was (330,000) three hundred and thirty thousand dinars¹⁷. When an appraisal was done as to the value of the property to be sold it became evident that the declared sale price was much higher than the real price of the property. The value of the property was estimated by the three appraisal methods: the value of the property through the cost approach was (162,580) dinars, and through income (35,730) dinars and by comparison (163,670) dinars.

¹⁷ 1 JD equivalent to approximately US \$ 1.6 according to the prices of the Central Bank of Jordan on 25 October 2018.

Reasons for suspicion stemmed from the purchase or sale of property at a value does not proportionate with the actual value compared to market prices or similar property prices in the same area, and the purchase of the customer of an income generating property without interest in the real price.

Case Status: The case stayed with the AML / CFT Unit for ML/TF suspicion.

Case No. (8): Saudi Arabia:

The FIU received an STR from a bank regarding suspicious financial transactions by one of their customers (Accused 4). A bank check was issued from his account for SR (1,200,000) to the real estate office (W/M), and he retrieved the check in a very short time. The FIU also received a notification from one of the citizens that (Accused 1) is taking money (bribes) for the approbation and allotment of housing schemes and is receiving checks on the grounds that he is a shareholder with them. After investigation, it was revealed that the real estate office (W/M) is owned by (Accused 2 and 3), and one of them is the brother of (Accused 1). The real estate office is small, and its owners are not present there continually, and the size of its activities are limited. The bank account of the office shows that it is receiving large sums of money in the form of checks from several persons. This indicates that (Accused 1) uses the office as a means of receiving the illegal funds obtained from bribery. Investigations also determined that (Accused 4) transferred the ownership of a property to (Accused 1) through the real estate office (W/M) to conceal the illegal funds resulting from bribery.

Suspicion indicators:

- The transactions of Accused "1" are disproportionate to his profession. He has a job that may be liable to corruption and abuse of office.
- Issuing and retrieving the bank check in a short time.
- The bank account of the company (W/M) has received huge amounts of money via bank checks from several people, despite the findings of the field investigations that show that the office is small, its owners are not present on a continuous basis and the size of its activities are limited.
- The owner of the company (W/M) is the suspect's brother and has a partner as shown in the commercial register of the company.

Through analysis, the Unit identified the following:

- By conducting a financial investigation, the amounts obtained by (Accused 1) from the crime of bribery have been determined.
- Requesting the precautionary seizure of the bank accounts subject of the case and the property being laundered, and the arrest of the suspects in preparation for hearing their statements and referring them to the Public Prosecution.
- The suspects were arrested by the competent authority and their statements were taken. Accused "1" was heard by the General Mabathet/Administrative

Investigation and he stated that he did not know the company (W/M) and that perhaps it is one of the offices that his brother (Accused 3) deals with or has contributed to or perhaps the office deals with the Planning Department he manages at the municipality. He also mentioned that he knows that his brother works in a company but does not know which one.

- Case status: The case was referred to the Public Prosecution, where (Accused 1) was convicted of bribery and money laundering (imprisonment and fine), (Accused 2 and 3) were convicted of money laundering (imprisonment and fine), and (Accused 4) was convicted of bribery (imprisonment and fine). The proceeds of the crime were confiscated.

Case No. (9): Egypt:

The Unit received a notification of a suspicious transaction from a bank concerning a customer working in a ministry because of the large amount of transactions on his account, which is not proportionate with his job and a monthly income of about 4,000 pounds¹⁸. Investigations showed that he exploited his position to facilitate the interests of many investors in exchange for receiving money and gifts in kind as bribery. He exploited the money obtained from bribery to purchase many properties in his name and his wife's name by dealing with some of the development and real estate companies, and tourism investment companies.

Suspicion indicators were as follows:

- The magnitude of transactions that were taking place on the account of the suspect in a manner that was incompatible with his job.
- Deposits in the suspect's account from persons who have no clear relationship with him.

Through analysis, the Unit identified the following:

- Total credit transactions amounted to 19 million Egyptian Pounds, as follows:
- Cash deposits of about 7.3 million pounds, mostly by the suspect and his wife and another person whose relationship is not clear with the suspect.
- Collected check of about 300 thousand pounds drawn against the account of a real investment company.
- Incoming transfers of about 1.5 million pounds, the largest transfer of about one million pounds from the account of another local bank and another transfer from the account of a company for urban development of about 334 thousand pounds. Then he recovered a deposit of about one million pounds and investment documents about 8.6 million pounds. It was also revealed that he

¹⁸ 1 US \$ equivalent to approximately EGP 17.9 according to the prices of the Central Bank of Egypt on 25 October 2018.

has revenues on savings vessels of about 247 thousand pounds, in addition to buying investment documents worth 8.3 million pounds.

- Cash withdrawals of about 7.3 million pounds (either by the suspect or his wife, and there were many purposes for withdrawal, including buying an apartment or paying installments on an apartment and buying cars).
- Checks issued to different people and entities of about 1.1 million pounds, and purchase of savings vessels of about one million pounds, and an outgoing transfer of about one million pounds to his account at another local bank and transfers to his credit card of about 200 thousand pounds.
- Investigations also confirmed that the suspect purchased a housing unit belonging to a development and real estate company for the amount of one million and one hundred thousand pounds of which he paid the amount of 118 thousand pounds upon signature of the contract and the rest in installments.
- He also purchased a chalet in a tourism village belonging to a contracting and tourism investment company. Investigations were not able to determine the actual value paid for buying the chalet. He also bought two cars and a housing unit of one million five hundred and fifty thousand pounds, of which he paid 800 thousand pounds upon signature of the contract and the rest in installments.
- Investigations confirmed that the suspect exploited his wife to conceal the nature of money obtained from bribery. He purchased a housing unit in the name of his wife in one of the housing projects belonging to a development and real estate company for one million seven hundred thousand pounds. He paid 170 thousand pounds upon signature of the contract and the rest in installments. The suspect also bought another housing unit in the same project in the name of his wife for the amount of one million three hundred thousand pounds of which he paid the 134 thousand pounds upon signature of the contract and the rest in installments.

Case status: The suspect was arrested in the bribery case and the Unit informed the prosecution. A decision was also issued to seize all cash, movable assets, and real estate owned by the suspect and his wife. Currently, the case is pending before the Public Prosecution.

Case No. (10): Egypt:

The Unit received a notification from a bank about a suspect who's his sister, through a power of attorney, requested the liquidation of his bank accounts. The bank learned that the suspect was in custody for a drug-related case. The suspect was laundering the proceeds of his aforementioned crime in order to conceal and disguise the nature of that money and to sever any connection between it and his criminal activities by establishing a real estate investment company and touristic

villages (an individual establishment), buying cars, and depositing some of the money in banks.

Suspicion indicators were as follows: The magnitude of transactions in the account of the suspect during a short period.

Through analysis, the Unit identified the following:

- The suspect deposited one million pounds at the bank.
- Huge deposits during a period of two months amounting to one million pounds.
- The suspect carried out a large-scale criminal activity in the field of illicit trafficking in narcotic substances of all kinds. He was seized with some drugs and some of the money obtained from his criminal activity.

Case status: The suspect was arrested, and he remains in custody pending investigation. The file was referred to the criminal court. The Unit informed the prosecution to take the necessary precautionary measures regarding the ML crime.

Case No. (11): Egypt:

The Unit received a notification that a bank employee stole about \$1.2 million from the bank he works in by exploiting his position and controlling the accounts of his wife and his minor son and an account in the name of fictitious persons. The suspect laundered the criminal proceeds of the aforementioned criminal activity by investing in real estate activity in order to legitimize it.

Through analysis, the Unit identified the following:

- The suspect transferred the stolen amounts to accounts in his name and that of his family in the same bank.
- The suspect opened an account under the name of a fictitious person without an application to open an account. After examining the account, the transactions consisted of collecting checks and internal transfers from different accounts in the bank.
- The suspect exploited his job to control the accounts of his wife and minor son without documenting the transactions. The transactions that were performed through the wife's account were transfers to a real estate development company and receiving transfers from different accounts.
- The debit activities in the suspect's accounts were cash withdrawals, purchase of foreign currency, transfer to a contracting company, and buying an apartment from his colleague at work.

Case status: Under investigation by the Financial and Commercial Affairs Prosecution Office.

Case No. (12): Iraq:

Officials of the former regime exploit their influence and powers to buy State-owned properties and register them in the name of persons acting as a front of an official, and then sell them without following the legal procedures prescribed by laws and instructions.

The suspicion indicators were reflected in the registration of properties in the name of persons who have never entered the Republic of Iraq and who acquired the Iraqi nationality while being abroad; the lack of purchasing power of buyers; the large number of properties they own; their presence outside the country; and the failure to implement laws and legislations. The sale transaction was conducted by virtue of powers of attorney issued outside the Republic of Iraq and it was meant to be completed after the change of the political system in Iraq (2004)

Case status: The case was referred to the court, the money seized, and the accused arrested.

Annex (2)

A Summary of the Outcomes of the Second Session on Money Laundering across the Real Estate Sector on the Sidelines of the Middle East and Africa Joint Typologies and Capacity Building Workshop, 22-25 January 2018, Rabat, Kingdom of Morocco

The member countries that participated in this session: Saudi Arabia, Sudan, Kuwait, Iraq, Palestine, Egypt and Morocco. Other countries included: United States of America, Swaziland, Ghana, Gambia, Liberia and Nigeria.

Key issues discussed:

- Overview of the Typologies Report on Money Laundering Through the Real Estate Sector.
- Participating States' perspectives on the problem in the meeting of the four regional groups.
- Overview of the real estate sector in terms of legislative and regulatory regulations.
- Examining companies, entities, professions and participants in the real estate sector.
- The extent to which companies and entities operating in the sector are subject to and compliant with AML / CFT requirements.
- The role of lawyers and accountants in real estate dealings and operations and the extent of their commitment to suspicious transactions notification.
- Reasons and factors that attract criminals to money laundering through the real estate sector.
- The role of licensing, supervisory and regulatory entities in the real estate sector.
- Inventory and registration of real estate and proof of real estate transactions and methods of identification and payment of the values of those transactions.
- The importance of local coordination and international cooperation to avoid exploitation of the sector.

Techniques and Methods Used:

- Exploitation of intermediaries and third parties by criminals to conduct real estate transactions.
- Use of cash to pay the value of real estate transactions, making it difficult to track these transactions and to identify the beneficial owner.

- Financing the purchase of real estate through bank loans, including the registration of real estate and payment in a short period.
- Use of local and foreign companies to buy and resell properties more than once.
- Control of criminals over some companies that work in the real estate field and exploiting them to execute transactions that involve money laundering.
- Double buying and selling using intermediaries.
- Exploiting lawyers, accountants and notaries to carry out money-laundering operations.
- Using a mortgage to buy other properties and paying the mortgage value through illegal funds.
- Establishing real estate companies owned by other companies in order to conceal the beneficial owner.

Red Flags (Main Suspicion Indicators):

- Buying real estate for more than its market value and reselling it for less in a short period of time.
- Buying and selling real estate frequently and at close intervals without apparent justification.
- Buying property through third parties or paying through them.
- Lack of interest in inspecting the property subject of the transaction or verifying the authenticity of its documents.
- Registering the property in the sale contract for a value other than the one that was actually paid.
- Buying property through foreigners (natural or legal persons), reselling them quickly and transferring funds abroad without any clear justification.
- Investing in touristic complexes to give a legitimate appearance (the integration phase).

Challenges:

- Inadequacy of regulatory legislations along with poor implementation of existing legislation.
- Lack of adequate regulation for entities working in the real estate sector.
- Poor control and supervision and lack of resources for self-regulatory organizations (SRO).
- Weak requirements for compulsory registration of real estate and provision of official proof of transaction.
- Prevalence of cash use in paying for real estate transactions.
- Poor training and inefficiency of human resources operating in the sector.
- Failure of entities working in the sector to report and notify suspicious transactions.

- Poor local coordination and international cooperation in the exchange of information related to real estate transactions.
- Increased investment of proceeds from crimes of corruption in the real estate sector.
- Influence peddling in money laundering through the real estate sector.
- Insufficient studies to identify the risks of money laundering and terrorist financing in this sector.
- Some operators working in the sector did not obtain a formal license to practice the profession.
- The possibility of conducting sales and purchases directly without intermediaries, making it difficult to identify the beneficial owner, prove ownership and follow-up on the transaction.
- Lack of knowledge among those working in the sector regarding wrongful practices and money laundering suspicion indicators.

Recommendations and Suggestions:

- Issuing laws and regulations that regulate the sector and meet local and international AML/CFT requirements and standards, enacting existing laws and establishing auxiliary controls for their implementation.
- The need to designate regulatory authorities to control the sector and provide them with necessary resources to allow them to fulfill their role.
- Regulatory authorities shall issue directives and instructions to entities under their supervision to comply with AML / CFT requirements.
- Require all those working in the sector to obtain a formal license to practice the profession and to register with the competent authorities.
- Establish and develop mechanisms that contribute to:
- Establishing a real estate inventory and establishing databases within official and competent authorities in order to preserve all data and records of those operating in the sector and to prove transactions.
- Valuing properties reasonably in a manner that is consistent with reality.
- Setting up controls for real estate ownership by foreigners (natural or legal) and following up on all transactions conducted for their benefit in order to determine the real objective behind them.
- Training and developing all those employed in the real estate sector and raising their awareness in AML/CFT.
- Establishing mechanisms for coordination between the national bodies concerned with the regulating and supervising the sector.
- Promoting the role of the FIU in enhancing the compliance of all real estate sector stakeholders with AML/CFT requirements.
- Establishing and enhancing regional and international cooperation and exchange of AML / CFT information in the sector.

- Verifying the integrity and accuracy of criminal records of those applying for licenses to work in the real estate sector.
- Verifying the validity and authenticity of contracts and proxies issued to foreign persons or citizens residing abroad that permit dealing in real estate on their behalf.
- Imposing and enforcing sanctions on all those working in the sector upon violation of laws and regulations and non-compliance to AML/CFT requirements.

Annex (3)

Information and Case Studies Questionnaire for the MENA FATF Typologies Report on Money Laundering through the Real Estate Sector

Country:	
Authority responsible for answering the questionnaire:	
Person responsible for answering the questionnaire:	
Job description:	
Contact information:	Phone: Fax: Email:
Date of adoption:	

The 25th MENAFATF Plenary Meeting held in Kuwait in April 2017 adopted the recommendation of the Technical Assistance and Typologies Working Group to launch a new typologies report on money laundering through the real estate sector.

The project aims to study methods and techniques of money laundering through the real estate sector, which will contribute:

- a. To assist countries in understanding the different types and methods of money laundering through the real estate sector,
- b. To assist in identifying the risks of ML operations carried out through the real estate sector and how to deal with them,
- c. To assist States in improving their abilities to detect and combat such money laundering operations; and
- d. To promote regional cooperation among member States of the Group to combat this phenomenon.

The importance of the project lies in the fact that the real estate sector in many countries may be less regulated than FIs, which poses many challenges vis-à-vis compliance to AML requirements, especially that real estate development activities are practiced in the countries of the MENA region to raise the level of urban communities in some areas and new cities, based on development plans adopted by many countries in the region, or in the framework of the expansion in the construction of touristic resorts to attract more domestic and foreign tourism. This led to an increased possibility of exploiting the popularity of this sector to

launder proceeds of crimes away from banks and other FIs that are more regulated and controlled by regulatory authorities.

The final typologies report requires, among other things, answering the request for case studies and information questionnaire by Member States regarding money laundering through the real estate sector. The analysis of the questionnaire's answers will be derived from data and information that will assist in discovering the real estate sector in the countries of the group, the risks of its exploitation in ML operations and the most common and widely used methods of money laundering in the sector. It also helps to identify patterns and methods and to develop relevant suspicion indicators, and other indicators and information that benefit AML measures in the region.

Accordingly, Member States are requested to fill out the attached questionnaire and to provide as much information as possible when answering the questions, considering the following when completing the Case Study Request Form (attached):

1. Fill in the questionnaire and provide as much information as possible when answering the questions.
2. Provide the Secretariat with diverse case studies (3 cases) that include ML through the real estate sector. Cases should either have a conviction ruling or are still heard before courts or under investigation at the PPO or cases where the FIU found strong evidence of suspicion or were referred to the competent authorities. Reference can be made to the database of the FIU of the country and the databases of LEAs or any other entities to reach such cases.
3. Each case should have a reference made of the first 3 letters of the name of the country in English and a serial number for the case, for ease of reference regarding some cases (Example for Egypt: EGY 01).
4. Determine the type of intermediary used in the purchase / sale of real estate (real estate broker, real estate developer, ...) and how the purchase or sale was completed.
5. Case Description (summary of the case and the sequence of events since the beginning) using fictitious names and numbers or symbols for the names of natural and legal persons, names of cities, countries, FIs and non FIs, accounts numbers; only the amounts and currencies may remain unchanged.
6. Techniques and methods used.
7. Case Suspicion Indicators.
8. Outcomes of FIU financial analysis, and outcomes of LEAs investigations and/or inquiries.
9. Case status (custody/under examination/under investigation/heard by the county/before the court/convicted, etc.).

Member States are requested to respond to this request and provide information and case studies, in accordance with the aforementioned, by the end of January 2018.

First: Information on the real estate sector in the country

1. Who are the real estate brokers in the country? (please choose the right answers):

- a. Real Estate Brokers/Agents ()
- b. Real Estate Developers ()
- c. Real Estate Marketing Companies ()
- d. No brokers used ()
- e. Other (remember) ()

2. In your opinion, which of the categories are used in real estate sale?.....

3. Is the entire real estate sector in the state regulated and subject to supervision? What authority or authorities control and regulate this sector (if yes, please provide the name of the relevant legislation or instructions and the number of the article and paragraph)?-----

4. Can the authorities in your country collect comprehensive information on the real estate sector including the total number of persons dealing in sales and purchases of real estate, the volume of real estate assets that are traded and the number and nature of intermediaries in these transactions? (If yes, please provide figures)-----

5. If the answer to question no. 4 is “NO”, please indicate the obstacles to collecting the information.....

6. Is there a central authority to register all sold or purchased properties in the State? What is the authority?.....

7. Is it possible to purchase real estate in the state without registering it with the central authority or one of the government agencies such as the purchase of real estate with a preliminary contract or others (Please explain in detail).....

8. Are law enforcement agencies in the country having any difficulties in accessing information related to property owned by persons under investigation or criminal investigation? What are these difficulties?.....

AML Legal and Institutional Framework

1. Do national legislations or regulations and regulatory directives in the country contain provisions regulating the work of companies operating in the field of real estate, such as brokerage companies and real estate development companies and

others? (If yes, please provide the name of the relevant legislation or directive and the number of the article and the paragraph).

2.What are the regulatory and supervisory bodies responsible for regulating and supervising companies operating in the real estate sector and what is their role in this regard? (Please refer to the legislation, regulations and regulatory instructions related to the regulatory and supervisory role. Please include text or attach a copy thereof)

3.Are there any impediments to your country's ability to effectively subject the real estate sector to AML requirements? (Please explain in detail)

4.What are the most important challenges facing the concerned authorities in controlling the companies operating in the real estate sector in the field of combating money laundering?.....

5.What are the aspects of coordination between State authorities concerned with combating money laundering and companies operating in the real estate sector?

6.What is the mechanism used to control the activity of companies operating in the real estate sector about combating money laundering?

Risks, Challenges and Obstacles

1. What is your assessment of risks of money laundering through the real estate sector in your country?
 - a. High ().
 - b. Moderate ().
 - c. Low ().
2. How was the risk assessed according to question No.“1”?.....
 - a. Based on suspicion transactions notifications received by the FIU.().
 - b. According to the results of the ML/TF NRA results. ().
 - c. According to criminal information received from judicial and law enforcement agencies. ()
 - d. Other sources (mention). ().
3. Has a risk assessment been made of the exploitation of real estate companies in money laundering operations? (If yes, what are the main risks and how to address and mitigate them).....

4. From your experience, what are the reasons that lead to the increase of money laundering through the real estate sector?.....
5. In your experience, what are the obstacles to international cooperation and the confiscation of real estate assets derived from money laundering proceeds? What are your suggestions to overcome these obstacles?.....

Case studies of ML through the Real Estate Sector Request Form

Reference No.:
Case Description:
Company used/exploited in ML operations, such as (development companies/real estate development – Real Estate Brokerage companies, etc.....):
Tools and Techniques Used:
Suspicion Indicators:
Outcomes of financial analysis and/or inquiries:
Case Status (Heard Before the Courts/Under Investigation/Under Inquiries, etc....)

Sources and References

First: Previous studies and information provided through the request for information and case studies questionnaire:

- 1- Case studies provided by Member States, where the number of case studies covered by the study was 12 case studies regarding the use of real estate in money laundering.
- 2- Request for information questionnaire.
- 3- Experiences and case studies presented at the session on Money Laundering across the Real Estate Sector on the Sidelines of the Middle East and Africa Joint Typologies and Capacity Building Workshop, 22-25 January 2018, Rabat.
4. Laws, regulations, controls and instructions issued by several Member States.
5. Reports issued by international and regional bodies on the exploitation of the real estate sector in ML/TF operations.
6. Some information through the news, investigative reporting and statements published in press, social media and Internet sites.

Second: Other Sources

7. Money Laundering - Comparative Study, Dr. Samar Fayez Ismail, Zain Legal Publications, unpublished PhD thesis, the Lebanese University, Faculty of Law, Political and Administrative Science, Beirut, 2005.
8. ML Phenomenon and International Efforts to Combat It, Case Study of the Arab Maghreb, Mohammed Abbasi, Al Wafaa' National Library, Algeria, 2016.
9. Effects of Money Laundering, Dr. Sheikh Agha Nazari, Ali Hashim Al-Baydani, Center for Contemporary Research, Beirut, October 29, 2017.
10. Others.

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