

REAL ESTATE BROKERS: ADAPT OR PERISH

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A couple of weeks ago, we pointed out the structural flaws of most UAE Real Estate brokerages and how, through a series of simple steps, their operational infrastructure could be significantly improved and long-lasting value created. [see: [OPED - From house of Cards to House of Bricks - 14.01.21](#)]

Some have opted – voluntarily – to act. They are on their way to reap the benefits of their proactivity.

But another piece of news with a much more significant impact has received little coverage. Real estate operators are at the highest level of risk of having their business shut down on account of non-compliance with UAE AML Laws.

Real estate operators are at the highest level of risk of having their business shut down on account of anti-money laundering non-compliance

The Financial Action Task Force's (FATF) is the global money laundering and terrorist financing watchdog. It sets international standards that aim to prevent illegal activities and the harm they cause to society.

The UAE got evaluated by the FATF in 2020. The report that followed made clear that drastic changes were on the horizon for real estate market operators and other designed non-financial businesses and professions (DNFBP) – e.g. dealers in precious metals and stones, lawyers, accountants and auditors –, sectors deemed “high risk” from a financial crime perspective.

In recent months, UAE's regulatory bodies – e.g. Central Bank, Ministry of Justice and Ministry of Economy) – have taken implementation of UAE AML Laws and enforcements for non-compliance to a whole new level.

In October 2020, 200 UAE law firms had their license suspended for a month by the Ministry of Justice for failing to maintain appropriate AML systems and controls, including policies and procedures. One month later, seven of these firms were fined AED 100,000 each for failing to address these AML breaches.

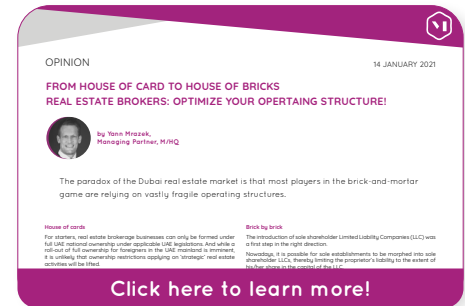
In January, the UAE Central Bank imposed financial sanctions totaling AED 45,76 million on 11 banks for AML deficiencies.

ABOUT M/HQ

We are a multi-services platform catering to a broad spectrum of clients – from individual entrepreneurs and local SMEs to wealthy international families, to established blue-chip companies and multinationals. Our one-stop-shop offering is unique in the Middle East: a holistic and cross-disciplinary combination of a market-leading corporate services firm, a law firm's specialist expertise and a regulatory & compliance services practice, all through one single platform.

We have broad experience in facilitating entry-to-market for businesses across all major fields of activities. We have a one-of-a-kind practical expertise understanding and handling complex corporate structures.

Headquartered in the UAE, we are an entrepreneurial firm for entrepreneurial clients.



Enforcements for non-compliance is at an all-time high – Real estate operators: look out!

Real estate is a major driver of growth for the domestic economy, and real estate brokerages play a fundamental role in driving foreign direct investment into the UAE ecosystem. After banks and law firms, there is little doubt that Real estate brokerages are next in the clampdown on non-compliant players.

Maintaining appropriate AML systems and controls, keep appropriate records of clients' transactions, commit to appropriate staff training, appointing a compliance officer to take on the responsibilities of reviewing and reporting suspicious transactions, reporting (bi-annually... since 2014!) to the relevant regulator.

All these steps should be remediated without delay and become second nature to UAE real estate brokerages serious about creating value and growing the right way.

Earlier this month, the Ministry of Economy announced the extension of a grace period for DNFBPs to become compliant until 31 March 2021.

**For Real Estate Brokers,
the time to answer the fundamental
question has come: Adapt or Perish?**