

A Guide for Real Estate Brokers
on the implementation of
Targeted Financial Sanctions
related to Combating Terrorism,
Terrorist Financing, and
Proliferation Financing,
issued by the Real Estate General
Authority,

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This guide was issued based on Circular No. (I/4700003748) regarding the implementation of targeted financial sanctions, on the date of I/6/I447 AH. The circular sets out the legally binding obligations of real estate brokers in the Kingdom of Saudi Arabia under the implementation mechanisms for United Nations Security Council resolutions related to combating terrorism and its financing, issued pursuant to Article (75) of the Law of Combating Crimes of Terrorism and its Financing, promulgated by Royal Decree No. M/2I dated 29/I0/I427 AH. It also relates to proliferation financing, pursuant to Royal Order No. (7753) dated 29/I0/I427 AH, approving the establishment of the Permanent Committee concerned with the implementation of Security Council Resolutions issued under Chapter VII, and Article (B) of the Royal Order No. (I0B0) dated I/3/I439 AH, which forms part of the mechanism developed for implementing United Nations Security Council Resolutions issued under Chapter VII of the UN Charter relating to the prevention of weapons proliferation financing. The guide includes guidance on implementing targeted financial sanctions obligations in accordance with the above implementation mechanisms, and in line with relevant Security Council resolutions and international standards, including Financial Action Task Force (FATF) Recommendations VI and VII, and effectiveness standards under Direct Result X and Direct Result XI.

These guidelines aim to assist real estate brokers in enhancing their understanding and effective implementation of their obligations related to targeted financial sanctions, particularly those concerning the identification and freezing of assets owned or controlled by persons or entities listed on the UN Security Council Committee List (1267/1989/2253), the UN Security Council Committee List (1988), and the National Terrorism List (1373) published on the website of the Permanent Counter Terrorism Committee at the Presidency of State Security, as well as the prohibition on making funds, financial services, or economic resources available to such persons or entities. This includes the lists issued by the United Nations Security Council under Chapter VII, covering matters related to proliferation financing, in accordance with UN Security Council Resolution (1718) concerning the Democratic People’s Republic of Korea, and the resolutions subsequent thereto, as well as UN Security Council Resolutions (1737/2231) concerning the Islamic Republic of Iran, and the resolutions subsequent thereto.

These guidelines apply to all real estate brokers and to any future entities subject to the supervision of the Real Estate General Authority.

This guide should be read in conjunction with the relevant circular and other instructions issued by the Real Estate General Authority.

While the legal obligations under targeted financial sanctions are binding, the implementation measures outlined in these guidelines are intended to provide practical guidance proportionate to the nature, size, and level of risk of real estate brokerage activities. These guidelines clarify the following:

- Core obligations applicable to all real estate brokers
- Implementation expectations that are proportionate to the size and complexity of the business.
- Practical measures to support compliance with screening, freezing, reporting, and governance obligations.

This document is for guidance and is not binding. The real estate broker is responsible for ensuring full compliance with the implementation of the targeted financial sanctions in accordance with the implementation mechanisms of the Security Council resolutions related

to combating terrorism and its financing issued by the Presidency of State Security, the mechanism for implementing Security Council resolutions issued in accordance with Chapter VII of the United Nations Charter related to preventing the proliferation financing issued by the Permanent Committee concerned with implementing Security Council resolutions in accordance with Chapter VII at the Ministry of Foreign Affairs, and the circular of the Real Estate General Authority based thereon. The regulatory authority should be consulted if there are any points that are unclear.

Chapter One: Legal Framework and Core Obligations – Combating Terrorism and its Financing

1.1 Purpose and Legal Basis

These guidelines were issued by the Real Estate General Authority to enhance the implementation of real estate broker to their obligations related to targeted financial sanctions for combating proliferation financing in the Kingdom.

These guidelines are based on the circular addressed to real estate brokers regarding the implementation of Targeted Financial Sanctions (No. 1/4700003748), which sets out the legal obligations of practitioners in the real estate brokerage activity. These obligations are derived from the relevant United Nations Security Council resolutions on combating terrorism and its financing, as reflected in the Law of Combating Crimes of Terrorism and its Financing and the implementation Mechanisms for the Relevant UN Security Council Resolutions on Combating Terrorism and Its Financing, namely Resolutions (1267/1989/2253), (1988), and (1373), issued by the Presidency of State Security pursuant to Article (75) of the Law of Combating Crimes of Terrorism and its Financing. These guidelines provide specific guidance for real estate brokers on how to effectively implement these obligations, with a focus on proportionate compliance, a risk-based approach, and supervisory expectations.

1.2 Scope of Application

These guidelines apply to the real estate brokerage sector. Real estate brokers are required to implement Targeted Financial Sanctions related to combating terrorism and its financing when dealing with natural or legal persons, or entities listed nationally or internationally for

their association with terrorist activities or terrorist financing, in accordance with the relevant United Nations Security Council resolutions issued in this regard.

1.3 Application of Sanctions

The obligations set out in these guidelines apply to the real estate brokerage sector for the implementation of targeted financial sanctions related to terrorism and its financing against names listed internationally or nationally, including those listed on:

- United Nations Security Council Committee List (1467/1989/2253).
- United Nations Security Council List (1988).
- National Terrorism List (1373) published on the website of the Permanent Counter Terrorism Committee, chaired by the Presidency of State Security, which forms part of the Kingdom's implementation of targeted financial sanctions related to terrorism and its financing within or through the Kingdom.

The real estate broker is obligated to check, freeze, prohibit and report transactions.

1.4 Core Obligations under Targeted Financial Sanctions Related to Combating Terrorism and its Financing

Real estate brokers should enhance the application of a series of controls to ensure that natural or legal persons or entities, who are listed internationally or nationally due to their involvement in terrorism activities or its financing, do not gain access to services, economic resources and assets through their activities. These obligations include the followings:

Reviewing and Managing Sanctions List

The real estate broker must conduct ongoing reviews of customers, beneficial owners, third parties, and related transactions through the website of the UN Security Council Committee List(1267/1989/2253), the website of the UN Security Council Sanctions Committee (1988), the National Terrorism List (1373) on the website of the Permanent Counter Terrorism Committee and its Financing, under the Presidency of State Security, and any other names circulated by

the Real Estate General Authority as received from the Presidency of State Security, ensuring immediate implementation without delay.

Immediate Freezing of Funds

When a confirmed match or substantial similarity in data is determined with a listed person or entity, the real estate broker must freeze the provision of any services, funds, assets, and economic resources under its control that are owned or controlled, directly or indirectly, by the listed person or entity. This should be done without prior notice, and should include those in the name of third parties on behalf of the listed person/entity.

Suspension of Services and Transactions

When a confirmed match or substantial similarity in data is determined with a listed person or entity, the real estate broker must immediately cease providing any services, including advisory support or transaction facilitation. No further transactions should be executed that could directly or indirectly benefit the listed person/entity.

Notifying the Competent Authorities

All confirmed matches or significant similarities in data with a listed person or entity must be reported without delay to the Real Estate General Authority, in its capacity as the supervisory authority, as well as to the Permanent Counter Terrorism Committee, chaired by the Presidency of State Security. In case the real estate broker suspects an attempt to evade targeted financial sanctions, the broker must submit a Suspicious Activity Report (SAR) to the General Directorate of Financial Investigation at the Presidency of State Security.

Confidentiality and Prohibition of Notification

At all stages of implementing targeted financial sanctions measures related to terrorism and its financing, the real estate broker should maintain strict confidentiality and refrain from notifying the customer or any third party of the listing or freezing action before it is fully effective or any ongoing related investigations. Any unauthorized disclosure is considered a warning, which is prohibited under the implementation mechanisms for the aforementioned United Nations Security Council resolutions.

Record-keeping Requirements

Comprehensive documentation must be maintained for all sanctions screening results, freezing actions, notification reports for confirmed matches or significant similarities submitted to the Real Estate General Authority or the Permanent Counter Terrorism Committee, as well as internal compliance activities. These records must be retained for a minimum of ten (10) years and made available upon request by supervisory authorities.

Governance, Training, and Oversight

Real estate brokers shall be fully liable for compliance with targeted financial sanctions obligations. They are required to establish internal controls, designate responsible personnel taking into account the size of the entity, and ensure that all relevant employees, particularly those involved in customer qualification, transactions or compliance, receive appropriate and ongoing training in addition to enhancing the level of implementation and addressing methods of sanctions evasion.

1.5 Proportionality and Risk-Based Implementation

While the real estate brokerage sector is subject to obligations under the implementation mechanisms for United Nations Security Council resolutions related to combating terrorism and terrorist financing, pursuant to Article (75) of the Law of Combating Crimes of Terrorism and its Financing, the manner of implementing these obligations may vary depending on the nature of the business, the size and complexity of transactions, and the level of exposure to sanctions risks. For example:

- An individual real estate broker may apply manual screening and record-keeping processes and rely on supervisory and regulatory guidance for training and updates.
- However, the real estate broker dealing with high-value international clients should implement more structured and sophisticated screening processes and provide regular staff training.

Chapter Two: Targeted Financial Sanctions – Combating Terrorism and its Financing

2.1 Overview

Targeted financial sanctions related to terrorism and its financing are part of the legal obligation under the implementation mechanisms of Security Council resolutions related to combating terrorism and its financing, based on Article (75) of the Law of Combating Crimes of Terrorism and its Financing. Although (real estate brokerage) is not among the financial institutions, it may be exposed to dealing with persons or entities linked to terrorism or its

financing, especially when dealing with complex structures, high-value transactions, or clients from high-risk countries.

This chapter defines the legal obligations, practical implementation measures, and special considerations for (real estate brokerage) under the implementation mechanisms of Security Council resolutions related to combating terrorism and its financing, based on Article (75) of the Law of Combating Crimes of Terrorism and its Financing. These mechanisms meet the requirements of United Nations Security Council resolutions (1267/1989/2253) concerning ISIS, Al-Qaeda and associated individuals/entities, (1988) concerning the sanctions against individuals and entities associated with the Taliban, and (1373) concerning the national listing.

2.2 Summary of Legal Obligations under Targeted Financial Sanctions Related to Terrorist Financing

While the full legal obligations applicable to real estate brokers are set out in Chapter One of this guide, this section emphasizes those measures specifically in the context of terrorist financing. Accordingly, the real estate broker must apply targeted financial sanctions immediately and without prior notice, within hours, upon identifying individuals or entities listed pursuant to United Nations Security Council Resolutions (1267/1989/2253) concerning ISIS (Da'esh) and Al-Qaida, (1988) concerning the Taliban, or national listing pursuant to Security Council Resolution no. (1373).

These obligations include the followings:

- Screening customers, beneficial owners, and transactions to detect any potential matches
- Freezing any funds or assets owned or controlled, directly or indirectly, by listed persons or entities
- Prohibiting all forms of services or commercial support for these persons

- Immediate reporting of any confirmed match, significant similarity, or suspicious activity to the competent authority (for real estate brokerage) or the Permanent Counter Terrorism Committee, chaired by the Presidency of State Security
- Refraining from notifying any affected parties, in compliance with the alert prohibition

2.3 Understanding the Risks of Terrorist Financing in the Real Estate Brokerage Sector

Although a real estate broker may not always consider itself a primary channel for terrorist financing, its services can be exploited at various stages of the terrorist financing cycle, including fundraising, disguising the link between funds and their illicit sources, and concealing assets. Several characteristics increase the broker's exposure to the risk of terrorist financing, particularly when its services involve large cash transactions, high-value assets, foreign counterparties, or complex ownership structures, which facilitate concealment or disguise and make tracing the flow of funds more difficult.

For example, real estate brokers may unknowingly facilitate real estate brokerage services funded from illicit sources, unintentionally obscuring the origin or destination of funds linked to terrorism. In all cases, these vulnerabilities increase when due diligence procedures, transaction monitoring, and escalation mechanisms are weak or absent.

A real estate broker may encounter customers operating in dual-use contexts, high-risk terrorism-prone areas, or high-risk financial flows, which requires applying enhanced levels of due diligence, including more detailed review and screening at the start of the relationship and through ongoing monitoring.

Accordingly, real estate brokers are expected to:

- Maintain an understanding of terrorist financing patterns (see Section 2.6), including how their services could be misused.

- Identify and assess their exposure to terrorist financing risks, based on customer geographic data, service offerings, and transaction types.
- Enhanced due diligence is applied when dealing with high-risk customers, including politically exposed foreign persons, non-profit organizations, and customers engaged in liquidity-intensive activities or cross-border transactions.

A deep understanding of terrorist financing risks is a fundamental pillar for the effective implementation of targeted financial sanctions. It is essential that this risk-based approach is reflected in daily transactions and broader internal controls, including training, oversight, and escalation procedures.

2.4 Screening and Internal Escalation Procedures

Sanctions screening is the primary mechanism used by real estate brokers to identify individuals, legal persons, or entities listed nationally or internationally in connection with terrorism or its financing. Screening extends to customers, beneficial owners, brokers, and counterparties.

In the context of terrorist financing, certain risk indicators may necessitate enhanced screening and internal due diligence. Examples include: Customers working in terrorism-affected areas or sending funds to such areas, customers with opaque financial structures, customers engaged in transactions lacking legitimate commercial justifications. Accordingly, a real estate broker should escalate cases for further assessment, especially when screening results are ambiguous or include indirect indicators. While small real estate brokerage firms may rely on manual screening methods, the use of technological tools can significantly enhance detection capabilities regardless of the approach. Screening procedures must be regularly updated, reviewed for effectiveness, and clearly documented.

Effective implementation of screening and escalation procedures, taking into account the size of the entity, also requires strong internal governance. This includes appointing specialized personnel to oversee sanctions compliance, ensuring continuous access to updated national

and UN sanctions lists, and regularly testing the effectiveness of screening procedures. Senior management is also expected to ensure policies are documented and employees understand these policies, reinforce them through targeted training programs addressing terrorist financing designations and risk scenarios.

2.5 Reporting and Confidentiality Obligations

When a confirmed match or significant similarity is identified with a listed person or entity, whether a customer, beneficial owner, or party to transactions related to the real estate brokerage sector, and listed on any relevant international or national lists related to terrorism or its financing, the real estate broker must immediately notify the Real Estate General Authority and the Permanent Counter Terrorism Committee, chaired by the State Security Presidency, in addition to submitting a full report of the actions taken (such as: Freezing assets, terminating services, internal investigation).

Similarly, if there is suspicion of terrorist financing transactions, the real estate broker must submit a Suspicious Activity Report (SAR) to the General Directorate of Financial Investigation at the Presidency of State Security.

In cases of terrorist financing, timely reporting and proper handling are critical. The real estate broker shall ensure that designated compliance staff are involved in reviewing the case internally only and that external parties, including the customer, are not informed under any circumstances. Notably, notification may disrupt the alert, even if unintentional.

Regulatory authorities may request additional documentation or clarifications, particularly if the case involves cross-border elements or service providers known for facilitating high-risk activities.

2.6 Terrorist Financing Patterns Relevant to the Real Estate Brokerage Sector

The exploitation of real estate brokerage services is common in the context of terrorist financing, due to access to high-value assets and the absence of a unified regulatory framework. The following pattern, derived from practical cases reported by the Financial Action Task Force (FATF) and the United Nations, illustrates how such exploitation occurs:

- Real Estate Purchases: Properties may be purchased with funds from illicit or unclear sources in strategic or symbolic locations, either for retention or use in operational activities (e.g., safe havens). The use of shell agencies or companies may conceal the identity of the beneficial owner.

The real estate broker must be aware of the ways their services could be used to obscure the source, purpose, or beneficiary of funds. The application of targeted financial sanctions should reflect an understanding of these channels of abuse.

2.7 Exposure to Terrorist Financing Risks

The risk of terrorist financing varies by activity and depends on several factors, including type of service provided, customer demographic data, exposure to cross-border flows. While the real estate broker must implement the same legal obligations, risk-based controls are essential.

- Real estate brokers often deal with high-value transactions, which may attract terrorist financiers seeking to launder proceeds or store value. Properties may be purchased in cash, through brokers, or by customers with unclear sources of funding.

2.8 Indicators, Warning Signs, and Escalation Practices

Early identification of indicators and warning signs is a key element in detecting potential exposure to terrorist financing. Although the risk indicator does not necessarily mean that there is a confirmed match, given the size of the sector, the real estate broker shall develop systems to monitor, review and escalate these cases when necessary. Key terrorist financing-related indicators and warning signs include but are not limited to:

- Customers or beneficial owners associated with high-risk or conflict-affected areas
- Transactions that are inconsistent with the customer's profile or the nature of their business
- Payments that pass through multiple regions without a clear economic justification.
- Use of shell entities or brokers in executing simple transactions
- Unusual use of cash or high-value commodities to settle large purchases.

When a risk indicator or warning sign is identified, the real estate broker shall escalate the case internally to the relevant compliance staff to assess the need for additional screening, review of the customer's profile, or immediate reporting. If there are multiple indicators or if any

indicator is linked to a confirmed match or significant similarity, the broker shall take the appropriate freezing and reporting actions without any delay, within hours.

Chapter Three: Legal Framework and Core Obligations – Combating Proliferation Financing

3.1 Purpose and Legal Basis

These guidelines were issued by the Real Estate General Authority to enhance the implementation of real estate brokers to their obligations related to targeted financial sanctions for combating proliferation financing in the Kingdom.

These guidelines are based on the circular addressed to real estate brokers regarding the implementation of targeted financial sanctions (No. 1/4700003748), as well as the Royal Order No. (1030) dated 1/3/1439 AH, which approved the mechanism for applying United Nations Security Council resolutions issued by the Permanent Committee concerned with the implementation of Security Council resolutions at the Ministry of Foreign Affairs. The Royal Order sets out the legally binding obligations of real estate brokers with respect to the implementation of United Nations Security Council Resolutions (1718, 2231, and 1737) and their subsequent resolutions related to combating proliferation financing. These guidelines provide specific guidance for real estate brokers on how to effectively implement these obligations, with a focus on proportionate compliance, a risk-based approach, and supervisory expectations.

3.2 Scope of Application

These guidelines apply to the real estate brokerage sector. A real estate broker is subject to targeted financial sanctions obligations related to combating proliferation financing when executing transactions with persons or entities listed internationally for being involved in proliferation financing activities.

3.3 Application of Sanctions

The obligations set out in these guidelines apply to the real estate brokerage sector for the implementation of targeted financial sanctions related to proliferation financing against internationally listed names, including those listed on:

- United Nations Security Council Committee List under Chapter VII (1718) concerning the Democratic People’s Republic of Korea (DPRK) and its subsequent resolutions
- United Nations Security Council Committee List under Chapter VII (2231/ 1737) concerning the Islamic Republic of Iran and their subsequent resolutions.

Real estate brokers are obligated to check, freeze and prohibit transactions and submit notifications thereof. These obligations are substantively consistent and require immediate implementation without any delay or prior notice.

3.4 Core Obligations under Targeted Financial Sanctions Related to Combating Proliferation Financing

Real estate brokers should enhance the application of a series of controls to ensure that persons or entities, who are listed internationally due to their involvement in terrorism activities or its financing, do not gain access to services, economic resources and assets through their activities. These obligations include the followings:

Reviewing and Managing Sanctions List

The real estate broker must conduct ongoing screening of customers, beneficial owners, counterparties, and related transactions through the website of the UN Security Council Sanctions List (2231/1737/1718) and the website of the Permanent Committee concerned with the implementation of UN Security Council resolutions at the Ministry of Foreign Affairs, ensuring immediate implementation without delay.

Immediate Freezing of Funds

When a confirmed match or substantial similarity in data is determined with a natural or legal person or a listed entity, the real estate broker must freeze the provision of any services, funds, assets, and economic resources under its control that are owned or controlled, directly or indirectly, by the listed person or entity. This should be done without prior notice, and should include those in the name of third parties on behalf of the listed person/entity.

Suspension of Services and Transactions

When a confirmed match or substantial similarity in data is determined with a natural or legal person or a listed entity, the real estate broker must estate establishments and immediately) any services, including advisory support or transaction facilitation. No further transactions should be executed that could directly or indirectly benefit the listed person/entity.

Notifying the Competent Authorities

All confirmed matches or significant similarities in data with a listed person or entity must be reported without delay to the Real Estate General Authority, in its capacity as the supervisory authority, as well as to the Permanent Committee concerned with the implementation of UN Security Council resolutions at the Ministry of Foreign Affairs. In case the real estate broker suspects an attempt to evade targeted financial sanctions, the broker must submit a Suspicious Activity Report (SAR) to the General Directorate of Financial Investigation at the Presidency of State Security.

Confidentiality and Prohibition of Notification

At all stages of implementing targeted financial sanctions measures related to terrorism and its financing, the real estate broker should maintain strict confidentiality and refrain from notifying the customer or any third party of the listing or freezing action before it is fully effective or any ongoing related investigations. Any unauthorized disclosure is considered a warning, which is prohibited under the implementation mechanisms for the aforementioned United Nations Security Council resolutions.

Record-keeping Requirements

Comprehensive documentation must be maintained for all sanctions screening results, freezing actions, notification reports for confirmed matches or significant similarities submitted to the Real Estate General Authority or the Permanent Counter Terrorism Committee, as well as internal compliance activities. These records must be retained for a minimum of ten (10) years and made available upon request by supervisory authorities.

Governance, Training, and Oversight

Real estate brokers shall comply with targeted financial sanctions. They are required to establish internal controls, designate responsible personnel taking into account the size of the entity, and ensure that all relevant employees, particularly those involved in customer qualification, transactions or compliance, receive appropriate and ongoing training in addition to enhancing the level of implementation and addressing methods of sanctions evasion.

3.5 Proportionality and Risk-Based Implementation

While the real estate brokerage sector is subject to the same core obligations under the implementation mechanisms of the relevant UN Security Council resolutions on combating proliferation financing, pursuant to the mechanism issued by the Permanent Committee concerned with the implementation of Security Council resolutions under Chapter VII, the manner in which these obligations are implemented may vary depending on the nature of the business, the size and complexity of transactions, and the level of exposure to sanctions risks.

For example:

- An individual real estate broker may apply manual screening and record-keeping processes and rely on supervisory and regulatory guidance for training and updates.
- However, the real estate brokerage establishment dealing with high-value international clients should implement more structured and sophisticated screening processes and provide regular staff training.

Chapter Four: Targeted Financial Sanctions – Combating Proliferation Financing

4.1 Overview

This chapter outlines the legal obligations, patterns, warning indicators, and specific risks related to the real estate broker's implementation of standards for preventing proliferation financing. It aims to assist real estate brokers in understanding the nature of proliferation financing risks, identifying when their services may be misused, and taking appropriate

measures in accordance with applicable regulations and supervisory authorities' expectations.

4.2 Core Obligations under Targeted Financial Sanctions Related to Combating Proliferation Financing

The legal obligations related to proliferation financing are based on the Kingdom's implementation of United Nations Security Council resolutions, including but not limited to lists issued by the Security Council under Chapter VII. These include UN Security Council Resolution No. (1718) concerning combating proliferation financing for the Democratic People's Republic of Korea and its subsequent resolutions, and UN Security Council Resolutions No. (1737/2231) concerning the Islamic Republic of Iran and their subsequent resolutions. These resolutions impose targeted financial sanctions on entities and individuals associated with nuclear, chemical, or biological weapons programs. Many of these entities operate under the guise of legitimate commercial activity.

The real estate broker must take the necessary measures to prevent proliferation financing, in the same manner as in cases related to terrorist financing. This includes:

- Screening customers, beneficial owners, brokers, and transactions to identify any potential matches, and maintaining related records for a period of ten (10) years.
- Freezing, without delay, any funds, assets, or economic resources owned or controlled, directly or indirectly, by listed persons or entities.
- Prohibiting all forms of services or commercial support for these persons
- Immediate reporting of any confirmed match to the Permanent Committee concerned with the implementation of Security Council resolutions issued under Chapter VII of the Charter of the United Nations, without delay and through the designated communication channels. The Real Estate General Authority must also be notified (in accordance with the administrative affiliation of real estate brokers), in addition to

submitting a Suspicious Activity Report to the General Directorate of Financial Investigation at the Presidency of State Security.

- Maintaining strict confidentiality and refraining from alerting the beneficiary or any other parties, except for the supervisory authorities.

Although the measures to be taken are similar to those related to terrorist financing, their implementation often requires a different perspective. Activities associated with proliferation financing typically involve trade that appears legitimate, where the goods themselves are not prohibited, but are considered dual-use items that may support the development of weapons of mass destruction. Listed entities may operate through the use of shell companies to carry out their suspicious activities; therefore, the real estate broker must look beyond typical name-based screening.

The Real Estate General Authority also expects real estate brokers to tailor their internal controls to the specific nature of proliferation financing risks, particularly when dealing with international customers, cross-border transactions, or high-risk countries. The remainder of this chapter provides guidance on common patterns of proliferation financing and the real estate brokerage sector's risks of exposure to those patterns, as well as indicators and warning signs relevant to real estate brokerage.

4. 3 Understanding the Risks of Proliferation Financing in the Context of Real Estate Brokerage

The proliferation financing involves providing financial or commercial support for the development, acquisition, transfer, or use of weapons of mass destruction and their delivery systems. The methods used to secure financing, materials, or logistical support increasingly rely on global supply chains, shell companies, and service providers who may be unaware of their role in schemes designed to evade international sanctions.

A real estate broker may not realize their exposure to activities related to proliferation financing, particularly when transactions appear to involve legitimate trade or trusted

attorneys. However, certain characteristics of real estate brokerage activities make the broker a vulnerable enabling element for proliferation networks.

Unlike terrorist financing, the proliferation financing does not always involve criminal intent at the time the service is provided. A real estate broker may conduct business with what appears to be a legitimate customer or company, only to later discover that the transaction was part of a broader scheme involving a listed entity, prohibited goods, or deceptive shipping practices.

Furthermore, threats related to proliferation financing are often indirect. A real estate broker may not deal directly, within the Kingdom, with a sanctioned party; however, they may unknowingly process a transaction, such as completing a real estate brokerage transaction related to proliferation activities.

Accordingly, real estate broker is expected to:

- Develop awareness of proliferation patterns and levels of exposure to proliferation financing risks (see Section 4.4).
- Assess beneficiary relationships and transactions not only in terms of conformity with sanctions lists, but also in light of structural or behavioral indicators of proliferation financing risks, as detailed in the National Proliferation Financing Risk Assessment.
- Enhance due diligence measures when dealing with higher-risk beneficiaries, including high-risk countries, persons engaged in international trade, and beneficiaries involved in goods and services with potential dual-use characteristics.
- Integrate proliferation financing considerations into internal training programs, beneficiary qualification questionnaires, and transaction review protocols.

The risk of proliferation financing requires a proactive approach, knowledge, and business acumen. Unlike traditional criminal threats, proliferation financing may exploit the professional nature of real estate brokerage services to operate outside regulatory scrutiny. This emphasizes the importance of applying targeted financial sanctions that are specifically designed and based on classifications.

4. 4 Relevant Patterns and Methods of Proliferation Financing (Real Estate Brokerage Sector)

While the real estate brokerage sector is not considered a frontline actor in detecting or disrupting proliferation financing, international patterns and practices indicate that its services may be indirectly exploited to facilitate procurement, financing, or concealment activities associated with weapons of mass destruction programs. These methods often rely on multi-layered business structures, logistics brokers, and opaque beneficial ownership. These are areas where real estate brokers may play a supporting role without being aware of the transaction's ultimate purpose.

The following patterns and applications, derived from Financial Action Task Force (FATF) reports, UN Panel of Experts findings, and national risk assessments from high-performing countries, illustrate common ways in which proliferation financing activity may intersect with real estate brokerage services:

- **Acquisition and Leasing of Real Estate:** Real estate brokers may assist in the purchase or leasing of properties used as operational hubs or logistical fronts by entities involved in proliferation activities. Properties may be registered under shell companies or nominal ownership structures. Although less common than other terrorist financing patterns, actors involved in terrorist financing have used residential or commercial properties to store imported components or prepare subsequent shipments.

These patterns illustrate that although real estate brokers are not usually parties dealing with proliferation financing entities, they may be an enabling factor, particularly when beneficiary screening of real estate brokerage services is weak, commercial services are not scrutinized for commercial warning signs, or beneficial ownership is not adequately established.

Although the Kingdom maintains strict controls over dual-use goods, export licenses, and financial flows, the patterns described above remain relevant due to the Kingdom's active role in regional trade, investment, and logistics services. Given the Kingdom's strategic geographic location, the real estate brokerage sector may be exposed to brokers acting on behalf of third parties who are involved in proliferation activities and subject to sanctions, particularly in sectors such as real estate, corporate services, logistics, and high-value goods trading. Exposure may also arise from customers with cross-border transactions. Accordingly, real estate brokers must remain vigilant for indicators of proliferation financing, ensure enhanced due diligence is applied where necessary, and escalate suspicious activities to the competent authority without delay.

4.5 Exposure to Proliferation Financing Risks by Sector

The exposure to risks of proliferation financing varies by sector. The role of the Saudi market as a regional hub for trade, logistics, and investment highlights sector-specific vulnerabilities that must be taken into account when applying compliance controls to real estate brokers.

4.6 Identifying Warning Signs and Indicators of Proliferation and Taking Appropriate Escalation Measures in Response

Networks of proliferation financing often rely on opaque transactions, brokerage entities, and misleading documents to avoid detection. Real estate brokers are expected to remain vigilant for behavioral indicators and warning signs in transactions that may suggest attempts to evade targeted financial sanctions, particularly when goods, services, or funds are routed through complex or unusual channels.

Although indicators and warning signs are not conclusive evidence of proliferation financing, they should lead to internal escalation and additional scrutiny. These indicators may appear when establishing a business relationship with customers, during their qualification process, periodic reviews, or in the context of transactional interactions.

These warning indicators and signs include the followings:

- **Unusual Beneficiary Behavior:** Beneficiaries who insist on concealing their identity, use multiple attorneys without clear justification, or provide incomplete or inconsistent information regarding the ownership structures of business entities or the source of funds.
- **Legal Entities with Complex Structures:** The use of multi-layered corporate entities such as holding companies that own other holding companies or trusts that lack a clear business purpose, and appear to be designed to conceal the true beneficiaries.
- **Unusual Business or Service Requests:** Requests for legal, accounting, or ownership-related services in high-risk countries, sanctioned states, or shipping hubs commonly associated with sanctions evasion.

- **Frequent Changes in Ownership:** Repeated transfers of ownership of real estate or companies, or control of companies, between entities with opaque legal structures or limited business history.

Real estate broker must ensure that these indicators are monitored and addressed systematically through clearly defined escalation procedures. The broker should maintain a written escalation mechanism that specifies roles, authority limits, and documentation protocols, proportionate to the size and nature of his business. Compliance officers or designated staff must assess the significance of warning signs, determine whether further examination or verification is needed, and decide on appropriate responses, starting from enhanced due diligence to immediate reporting and suspension of services in cases where a risk indicator coincides with a confirmed match on a sanctions list or where there is reasonable suspicion of activity related to proliferation financing. Real estate broker must immediately freeze the relevant assets and notify the Real Estate General Authority and the Permanent Committee concerned with the Implementation of Security Council Resolutions under Chapter VII of the UN Charter, at the Ministry of Foreign Affairs. Additionally, the broker must report to the General Directorate of Financial Investigations at the Presidency of State Security in cases of suspected broader criminal conduct or networked financial abuse.

Given the evolving nature of the threats related to proliferation financing, a real estate broker must consider the warning signs and indicators as a fundamental element of its compliance programs. Regular staff training, periodic updates on patterns and practices, and internal audits are essential to ensure early detection and effective response.

Chapter Five: Conclusion

The real estate broker plays a vital role in protecting the Kingdom's financial and commercial systems from misuse by individuals and entities subject to UN and national sanctions related to terrorism, its financing, or the financing of the proliferation. These systems are increasingly targeted by criminal actors seeking to exploit legitimate professional services, especially in sectors with access to real estate brokerage services, high-value assets, structured legal arrangements, and cross-border trade.

These guidelines outline the legal obligations, risk indicators, and implementation expectations within the framework of targeted financial sanctions related to terrorism, its financing, and the financing of proliferation. They also highlight vulnerabilities, realistic patterns, and relevant indicators and warning signs. While the legal obligations are generally consistent across all activities, the implementation of these measures is tailored to the operational profile of each business and profession, its level of exposure to risks, and its customer base. Thus, a real estate broker should focus on the following:

First Targeted Financial Sanctions Related to Combating Terrorism and its Financing

Resolutions:

- United Nations Security Council resolutions 1267 (1999), 1989 (2011), 2253 (2015), concerning ISIS and Al-Qaeda, and the subsequent relevant resolutions.
- Resolution 1988 (2011), concerning Taliban members, and the subsequent relevant resolutions.
- Resolution 1373 (2001), concerning combating terrorism and its financing, and the subsequent relevant resolutions.

Listed and Targeted Names:

1. Individuals of ISIS (Da'esh), Al-Qaeda, and all other individuals, groups, institutions and entities associated with them, listed on the Committee's Consolidated List (1267/1989/2253), known as the "Sanctions List concerning ISIS (Da'esh), Al-Qaeda, and all relevant individuals, groups, institutions, and entities"

(Link of the sanctions list concerning the Islamic State in Iraq and the Levant (ISIS/Da'esh) and Al-Qaeda | UN Security Council)

2. The names of individuals, groups, institutions, and entities listed on the Committee's Consolidated List 1988(2011).

3. Names listed nationally by the Permanent Counter Terrorism Committee at the Presidency of State Security, known as the National Consolidated List (B73).
4. Names (natural or legal persons) identified by the Presidency of State Security (the Permanent Counter Terrorism Committee) as being affiliated with, acting for, or on behalf of any individual, group, institution, or entity that is directly or indirectly owned or controlled by, or acting at the direction of, names listed on the consolidated list of the Permanent Counter Terrorism Committee, even if such names are not included on the list or subject to imposed restrictions.

Targeted Financial Sanctions (TFS):

1. Freezing, prohibiting, or refraining from making available funds, assets, or providing services, directly or indirectly, for the benefit of the above-mentioned targeted names, through continuous monitoring of the sanctions lists and noting any amendments thereto, including new listings, delistings, or changes to data. Updates must be followed directly through the electronic links referred to in the mechanisms without delay or prior notice. In the event that a name is delisted, all sanctions shall be lifted with respect to that name, unless the name is also subject to United Nations Security Council Resolution B73 (2001), and the relevant authorities have previously been notified accordingly by the competent authority for compliance/oversight/supervision.
2. In cases where United Nations Security Council Resolution (1452) or any exemption decisions issued by the Permanent Counter Terrorism Committee apply, the competent authority (for compliance/oversight/supervision) shall notify the authority responsible for freezing to lift the freeze in accordance with the approval issued.

Relevant Authorities:

- **Authority responsible for designation, classification, and communication**

The Permanent Counter Terrorism Committee, chaired by the Presidency of State Security, is the competent authority in the Kingdom of Saudi Arabia responsible for designation, classification, communication, and monitoring the implementation of the relevant United Nations Security Council resolutions.

- **Authority responsible for supervision and oversight**

The Real Estate General Authority is the competent authority responsible for monitoring compliance. In the event of negligence or delay, for any reason whatsoever, in implementing the required measures, the entity or individual in default shall be held accountable in accordance with the applicable their specific, while taking into consideration and protecting good faith

Parties responsible for freezing (Real Estate Brokers)

Real estate brokers must refer directly and on a daily basis to the official websites of the competent committee's sanctions lists and ensure implementation without any delay or prior notice.

Second Targeted financial sanctions related to combating proliferation financing:

Resolutions:

- United Nations Security Council Committee List under Chapter VII 1718(2006) concerning the Democratic People's Republic of Korea (DPRK) and its subsequent resolutions
- United Nations Security Council Committee List under Chapter VII 2231(2015)/1737(2006) concerning the Islamic Republic of Iran and their subsequent resolutions.

Listed and Targeted Names:

- The names of any person or entity listed by the Sanctions Committee pursuant to United Nations Security Council Resolution No. 1718 (2006) concerning the Democratic People's Republic of Korea, and its subsequent resolutions.
- The names of any person or entity listed by the Sanctions Committee pursuant to United Nations Security Council Resolution No. 2231 (2015) / 1737 (2006) concerning the Islamic Republic of Iran, and its subsequent resolutions.

Targeted Financial Sanctions (TFS):

1. Freezing the funds belonging to any person or entity listed by the Sanctions Committee pursuant to a United Nations Security Council resolution, whether wholly owned by them or jointly owned with any other person, and whether in their possession or under their control, directly or indirectly, without any delay or prior notice.
2. Freezing measures include all of the following funds:
 - a) Funds that are generated from the funds referred to in paragraph (1) of this Article.
 - b) Funds that are disposed of by any person on behalf of, or at the direction of, the listed person or entity, or that are owned or controlled by it directly or indirectly. Further, funds that are disposed of through illegal means.

3. It is prohibited to make funds available or to provide investment, brokerage, or any other type of financial services, directly or indirectly, to any of the following:
 - a. A person or entity listed by the Sanctions Committee or a Security Council resolution, or on behalf of either.
 - b. A person acting on behalf of, at the direction of, or owned or controlled by a listed person or entity.

Relevant Authorities:

- **Authority responsible for designation, classification, and communication**

The Permanent Committee concerned with the implementation of United Nations Security Council resolutions issued under Chapter VII at the Ministry of Foreign Affairs is the competent authority in the Kingdom of Saudi Arabia responsible for monitoring the implementation of the relevant Security Council resolutions.

- **Authority responsible for supervision and oversight**

The Real Estate General Authority is the competent authority responsible for monitoring compliance. In the event of negligence or delay, for any reason whatsoever, in implementing the required measures, the entity or individual in default shall be held accountable in accordance with the applicable regulations.

- **Parties responsible for freezing (Real Estate Brokers)**

Real estate brokers must refer directly and on a daily basis to the official websites of the competent committee's sanctions lists and ensure implementation without any delay or prior notice.