



Transaction Type: External transfer  
Transaction Number: 1/4700003748  
Date of Transfer: 11/06/1447  
Attachment: None

Subject: Compliance with National and International Targeted Financial Sanctions

Related to Terrorism, Terrorist Financing and Proliferation Financing

### Circular to Real Estate Brokers

Reference is made to the Anti-Money Laundering Law issued by Royal Decree No. (M/20) dated 5/2/1439 AH, the Law of Combating Crimes of Terrorism and its Financing issued by Royal Decree No. (M/21) dated 12/2/1439 AH, and their implementing regulations, including the obligations imposed on the designated non-financial professions which include real estate brokerage. Reference is also made to the Real Estate Brokerage Law issued by Royal Decree No. (M/130) dated 30/11/1443 AH, and to the continued implementation of national legal provisions regarding compliance with United Nations Security Council resolutions issued under Chapter VII of the UN Charter, which impose sanctions on individuals and entities listed on UN sanctions lists, along with national mechanisms for national listing of natural or legal persons to whom these UN resolutions apply, including but not limited to the following:

- The United Nations Security Council Committee Lists numbered (1989/1267/2253/1988) and their subsequent resolutions related to the number of terrorist organizations.
- The Unified National List issued pursuant to United Nations Security Council Resolution (1373) and its subsequent resolutions, as issued by the Permanent Counter Terrorism Committee.
- The lists issued by the United Nations Security Council under Chapter VII, including those related to proliferation financing, namely United Nations Security Council Resolutions (1718/2231/1737) and its subsequent resolutions.

Attached herewith is a confirmation of the obligations of real estate brokers to implement targeted financial sanctions at the international and national levels, through prohibiting the provision of any real estate brokerage services to any natural or legal person, group, or organization listed nationally or internationally, in accordance with United Nations Security Council resolutions on combating terrorism and its financing as well as the financing of the proliferation of weapons of mass destruction.

This is issued for review and implementation to ensure full compliance within fifteen (15) days from the date hereof.

Best Regards,

CEO

/Signature affixed by hand/  
Abdullah bin Saud Al-Hammad

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Obligations under Laws and Regulations Related to the Implementation of Targeted Financial Sanctions:

### 1. Reviewing Sanctions List:

1.1 Prior to entering into any contract, real estate brokers shall screen all customers and beneficial owners by referring to the updated United Nations and national sanctions lists before establishing a business relationship or executing any transaction on behalf of a customer. This obligation applies to any natural or legal person present within the Kingdom or under its judicial authority. Brokers must also coordinate with the competent authority responsible for listings to notify it of any attempt by a listed person to request services, as well as in the event of any related inquiries.

1.2 List Updates: Real estate brokers must establish procedures to ensure continuous and periodic monitoring of updates to the United Nations and national sanctions lists as soon as they are issued. Internal databases should be checked against these lists, and targeted financial sanctions must be applied without delay, within no more than 24 hours from the time any individual or entity is listed, including existing and new customers as well as beneficial owners, as part of the requirements to ensure ongoing compliance.

1.3 Risk-Based Approach: Real estate brokers should adopt a risk-based approach with respect to the frequency and depth of screening. This shall include, but is not limited to, the following:

- (1) Customer Profile: such as nationality, sector, ownership structure, and nature of the customer
- (2) Transaction Characteristics: such as size, level of complexity, and geographic location of the other party.
- (3) Known Sector Vulnerabilities
- (4) Nature of the Service Provided

In cases involving legal entities or legal arrangements (e.g., endowments (waqf), The real estate brokers shall take reasonable steps to identify and screen the beneficial owners, directors, or legal representatives involved, particularly in high-risk cases according to the nature of the sector.

1.4 Screening Tools and Processes: Real estate brokers are advised to use automated or semi-automated screening tools wherever possible, taking into account the size and nature of the sector. Manual screening processes may be used if they are effective, provided that they are implemented and documented on a regular basis. Real estate brokers shall retain evidence of screening results, including any true, inconclusive, or false positive matches for subsequent review by supervisory authorities.

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1.5 Registration in Alert Systems: Real estate brokers should register in an automated alert system to facilitate timely awareness of updates to the United Nations or national sanctions lists related to targeted financial sanctions.

## 2. Risk-Based Controls and Measures:

2.1 Real estate brokers shall implement risk-based controls to prevent dealings with any natural or legal person present within the Kingdom or under its judicial authority. This includes verifying other parties, identifying beneficial owners, and establishing internal procedures to detect and prevent dealings with sanctioned entities. Such risk-based controls shall be proportionate to the size, nature, and risk exposure of the real estate broker's business, and shall be integrated into customer qualification processes, transaction monitoring, and escalation procedures.

2.2 Real estate brokers shall establish procedures to assess potential matches through reasonable comparison against internal records. When necessary, reliable open-source or commercial databases shall be used to verify customer activities, the nature of transactions, and other parties.

2.3 Large real estate brokerage establishments shall ensure the appointment of an internal officer responsible for ensuring compliance with the relevant laws and regulations concerning the implementation of targeted financial sanctions.

2.4 Small real estate brokerage establishments, including individual practitioners, shall personally ensure compliance with the relevant laws and regulations concerning the implementation of targeted financial sanctions. This includes ensuring awareness and understanding of the relevant obligations, applying reasonable controls, documenting the measures taken, and maintaining appropriate records.

## 3. Prohibition of providing funds or resources indirectly (prohibition of dealings and freezing):<sup>1</sup>

3.1 Real estate brokers shall take reasonable measures to ensure that their services are not used to provide funds, financial assets, or economic resources, directly or indirectly, to or for the benefit of any natural or legal person present within the Kingdom or under its judicial authority, or to or for the benefit of any group or organization listed in the United Nations or national sanction lists pursuant to United Nations Security Council resolutions. This includes provision through brokers or persons acting on their behalf or under their direction.

3.2 Real estate brokers shall avoid facilitating transactions that may result in sanction evasion through complex ownership structures, informal arrangements, or shell companies.

<sup>1</sup>Reference is made to the definition of freezing as set out in the mechanisms issued by the Permanent Counter Terrorism Committee.

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3.3 In support of these obligations, real estate brokers shall take the following procedures:

- A. Conduct enhanced due diligence on customers and transactions involving high-risk countries or sectors vulnerable to sanctions evasion.
- B. Assess customers' ownership and control structures to identify any hidden or indirect links to listed persons or entities, particularly in complex legal arrangements, such as endowments (waqf).
- C. Refrain from executing transactions where the source of funds, the identity of the other party, or the destination of funds is unclear or cannot be reasonably verified

Where a confirmed or reasonably suspected match with a natural or legal person listed in the United Nations or national sanction list is identified, real estate brokers shall immediately assess, based on available information and internal records, whether the person or entity is indeed the listed one. If confirmed, the following actions shall be taken:

- A. Suspend any existing or planned business relationship or transaction involving the listed person or entity.
- B. Freeze any funds, financial assets, or economic resources owned or controlled, directly or indirectly, by the listed person or entity without delay, within a period not exceeding 24 hours from the time of listing. This includes assets jointly owned with third parties, and such assets shall not be disposed of in the event that these funds are deposited in or transferred from the real estate broker's accounts.
- C. Refrain from making available any funds, financial assets, or economic resources to or for the benefit of the listed person or entity, whether directly or indirectly.
- D. Immediate reporting of any confirmed match to the Permanent Counter Terrorism Committee and the Permanent Committee concerned with the implementation of Security Council resolutions issued under Chapter VII of the UN Charter without delay and through the designated communication channels.
- E. Refrain from notifying or alerting the listed person or any third party about the freezing or the intention to implement freezing proceedings prior to their actual execution.

If a match cannot be immediately confirmed, real estate brokers shall apply precautionary freezing where there are reasonable grounds for suspicion and seek guidance from the relevant supervisory authority or competent authority.

All real estate brokers, regardless of their business size, are required to take these measures. Where appropriate, micro real estate brokerage establishments and individual practitioners may adapt their

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implementation mechanisms to the size and complexity of their transactions, provided that all freezing and reporting obligations are fully and promptly fulfilled.

#### 4. Notification Obligations:

4.1 Reporting any confirmed match to the Permanent Counter Terrorism Committee and the Permanent Committee concerned with the implementation of Security Council resolutions issued under Chapter VII of the UN Charter immediately upon identification.

4.2 Submitting suspicious activity reports to the relevant competent authority where there is suspicion of sanctions evasion, attempts to provide funds or services indirectly to a listed person or entity, or any other violations of obligations under the laws and regulations related to the implementation of targeted financial sanctions.

4.3 Cooperating with the supervisory authorities responsible for overseeing real estate brokers in any process of verifying the information provided. Real estate brokers shall ensure that there are internal procedures taken for documenting and escalating matches or concerns efficiently, even in micro-establishments or those with only one practitioner, in a manner proportionate to their size and capabilities.

#### 5. Compliance Framework Update:

5.1 Update the real estate broker's internal compliance frameworks, policies, and controls to reflect the obligations set out in this circular.

5.2 These frameworks shall include a clear allocation of responsibilities within the establishment, periodic employee awareness efforts, and a mechanism for implementing sanctions list updates without delay.

5.3 Maintain core records of compliance procedures, such as customer screening, sanctions list updates, and any identified warning indicators, in order to demonstrate the effective implementation of targeted financial sanctions obligations.

5.4 Record-keeping shall be proportionate to the size and nature of the real estate broker's business, while ensuring the ability to conduct timely and retrospective reviews in the event of any inquiry by supervisory authorities.

5.5 Records of compliance with the provisions of laws and regulations related to the implementation of targeted financial sanctions shall be retained for a period of no less than (10) years from the date of the relevant transaction, customer screening, or compliance decision. In case sector-specific regulations require a longer record-retention period, real estate brokers shall comply with the longer applicable timeframe.

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#### 6. Consequences of Non-Compliance:

Failure to comply with the above requirements shall result in the supervisory actions or administrative sanctions, such as a warning, issuing an order to comply with specific instructions, suspending or canceling the license, or other actions and penalties, in accordance with the relevant laws and regulations.

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