Regulatory Controls and Procedures for Compliance with the Requirements of the Anti-Money Laundering and Counter-Terrorist Financing Department for the Real Estate Brokerage Sector :

• Prohibition of Cash Transactions in Real Estate Transactions

Companies, establishments and real estate brokers engaged in real estate brokerage activities are prohibited from accepting, receiving or delivering any cash amounts in connection with a real estate transaction, including deposits, advance payments and any other amounts related to the transaction, whether directly or indirectly.

All amounts relating to the transaction must be paid through **approved banking channels or traceable electronic payment methods**. A real estate broker shall not facilitate or accept any arrangement intended to circumvent this prohibition or conceal the actual method of payment.

• Customer Due Diligence and Identification of the Customer and Beneficial Owner (CDD/KYC)

Customer due diligence measures must be applied, and the identities of the parties to the real estate transaction and the beneficial owner must be verified **before carrying out the transaction**. Valid identification and supporting documents must be obtained, including:

- Civil ID;
- Passport or travel document;
- Commercial licence for legal persons registered in the State of Kuwait, and duly authenticated official documents for foreign entities; and
- Power of attorney or other document establishing the capacity of the representative or agent, where applicable.

It must also be determined whether the customer is acting on their own behalf or on behalf of another beneficial owner. Where the customer is acting on behalf of another person, the beneficial owner must be identified and their identity verified using reliable sources. The nature of the relationship between the parties must also be understood, and supporting documentation must be retained.

Business must not be conducted with an anonymous customer or under a fictitious name. A transaction must not be completed where the identity of the customer or beneficial owner cannot be verified.

• Policies, Risk Assessment and Enhanced Due Diligence (EDD)

The establishment must maintain **AML/CFT policies, procedures and risk assessments** that are proportionate to the size, nature and scope of its activities and to the level of risk associated with its customers and services. Such policies, procedures and assessments must be periodically updated and made available to the Ministry of Commerce and Industry upon request.

In higher-risk situations, including where the seller, buyer or another party to the transaction is a **Politically Exposed Person (PEP)** or a high-net-worth individual, enhanced due diligence measures must be applied. These measures include obtaining additional information on the customer and beneficial owner; verifying the **source of funds and source of wealth or assets**, where appropriate; understanding the purpose and economic rationale of the transaction; obtaining any necessary additional documentation; and applying enhanced monitoring.

Higher-risk situations include, by way of example, **PEPs, high-net-worth individuals, non-resident customers, complex structures with no clear economic rationale, and unusual transactions or transactions conducted without the customer's physical presence**.

In relation to PEPs, **senior management approval** must be obtained before establishing or continuing a business relationship. Appropriate measures must also be taken to establish the source of funds and source of wealth, and enhanced and ongoing monitoring must be applied.

• Electronic Real Estate Broker System

Companies, establishments and real estate brokers are required to use the **Electronic Real Estate Broker System** approved by the Ministry of Commerce and Industry and to register and document all real estate transactions through the system in accordance with the approved procedures.

Registration of a transaction in the system does not exempt the broker from complying with customer due diligence requirements, conducting risk assessments, or verifying the identity of the customer and beneficial owner.

• Reporting Suspicious Transactions and Suspicion Indicators

Where any indicator of suspicion arises in relation to a real estate transaction or an attempted transaction, **regardless of its value**, the Kuwait Financial Intelligence Unit (KwFIU) must be notified through the **goAML system within no more than two working days**. The customer or any third party must not be informed that a report has been or will be submitted.

The Compliance Officer and relevant employees must continuously review the suspicion indicators applicable to the real estate sector published on the Ministry's official website and the AML/CFT Portal and remain up to date with any amendments or updates.

Key suspicion indicators requiring further scrutiny include:

1. Repeated transactions involving the same group of individuals, companies, brokers or properties.
2. A customer displaying a high degree of secrecy or evasiveness regarding the source of funds.
3. Provision of inaccurate or incomplete information concerning one or more parties to the transaction, including unverifiable addresses or unavailable contact information.
4. Sudden or unexplained changes in financing arrangements.

• goAML Platform and the Compliance Officer

The Compliance Officer is responsible for overseeing registration with and use of the **goAML platform**, reviewing the instructions and requirements relating to suspicious transaction reporting, and attending relevant workshops and training programmes.

The Ministry of Commerce and Industry must be provided with the Compliance Officer's details, including their name, qualifications, contact details and email address. The Ministry must be notified immediately of any change relating to the Compliance Officer.

• Terrorism Lists and Targeted Financial Sanctions

An effective mechanism must be established for the continuous screening of **terrorism lists and targeted financial sanctions relating to terrorism financing and proliferation financing**, including mandatory registration with the Ministry of Foreign Affairs' electronic system designated for monitoring listed names.

Dealing with persons or entities included on the relevant lists is prohibited. Where a match is identified, the applicable legal and regulatory procedures must be followed.

• AML/CFT and Proliferation Financing Risk and Controls Questionnaire

The Anti-Money Laundering and Counter-Terrorist Financing Department conducts an **annual AML/CFT and proliferation financing risk and controls questionnaire**. All real estate brokers subject to the supervision of the Ministry are required to complete the questionnaire and provide all requested data and information **once annually**, within the timeframe specified by the Ministry.

The questionnaire is intended to ensure continuous and effective monitoring of risk levels and to assess the adequacy and effectiveness of the controls and procedures implemented to mitigate **money laundering, terrorist financing and proliferation financing risks**. Real estate brokers are responsible for ensuring that all information and data submitted through the questionnaire are accurate, complete and correct.

• Violations and Sanctions

In the event of non-compliance with AML/CFT requirements, the applicable measures and sanctions shall be imposed in accordance with **Law No. 106 of 2013**, its Executive Regulations and the relevant ministerial resolutions, including **Ministerial Resolution No. 25 of 2026 concerning the Rules and Procedures for the Matrix of Violations, Sanctions and Measures Applicable to Designated Non-Financial Businesses and Professions (DNFBPs).**

Subsequent remediation of a violation does not exempt the establishment or its Compliance Officer from liability for the violation where the applicable rules require the imposition of a sanction