

# REAL ESTATE, HIGH RISK OF MONEY LAUNDERING\*

Real estate agents and  
developers - AML-CTF  
obligations & risks

## Context

The Law of 25 March 2020 implementing the V AML Directive entered into force on 30 March 2020.

The Law extended requirements and the scope of the professionals subject to AML/CTF obligations to, inter alia, real estate agents and developers in their capacity of purchase and sale of immovable properties and also when acting as an intermediary in the letting of properties above a defined amount.

\* National Risk Assessment Luxembourg 2020

## OBLIGATIONS

Real estate agents and developers are now obliged to comply with the extended requirements set by the Luxembourg AML/CTF legal framework, which include:

- ▶ Obligation to perform a risk assessment according to the definition of the company's risk profile.
- ▶ Application of customer due diligence measures calibrated on the risk level of the client.
- ▶ Set up an adequate internal organisation and management requirements (policies, controls, procedures aimed to identify, mitigate and manage the risk).
- ▶ Cooperation with relevant Authorities.

## SUPERVISORY AUTHORITY

The AED is the supervisory authority for real estate agents and developers established or acting in Luxembourg.

In its preventive role, the AED provided specific guidelines that the professionals of the real estate sector should comply with, regarding peculiar clients' identification and verification requirements.

The AML/CTF control framework should be based on three main pillars:

- ▶ Risk analysis and Customer due diligence.
- ▶ Adequate internal management organisation and requirements.
- ▶ Cooperation requirements.

## CRIMINAL AND ADMINISTRATIVE SANCTIONS

Criminal sanctions can be imposed to companies and employees in case of violation of professional obligations

The AED conducts inspection and has the power to impose punitive measures as:

- ▶ Warnings,
- ▶ Reprimands,
- ▶ Public statements,
- ▶ Administrative fines,
- ▶ Final or temporary withdrawals of the businesses.

## HOW CAN BDO ADVISORY HELP YOU?

We bring adapted and easy to implement solutions for real estate. By mixing our expertise of the sector, of the laws and our consulting methodology we assist in your journey to comply with a complex and fast-changing ML / TF environment.



### RISK ASSESSMENT - RISK-BASED APPROACH

- ▶ Assist the Client to understand the risks they are facing and help to prevent them;
- ▶ Definition and calculation of the risk level of their clients.

### DOCUMENTATION

- ▶ Assist the Client to draft AML/CTF policies, procedures and clients forms;
- ▶ Onboarding data and documentation collection depending on the risk level.

### ORGANISATION

- ▶ Assist the client to define and adapt the organisation to its risks, size, activities and clients;
- ▶ Adapt existing processes & avoid duplications.

### REVIEW

- ▶ Recurring review of the existing policies and adapt them to the current requirements set by the Law / Review of the questionnaires related to counterparties' identification.

### TRAINING

- ▶ Organise appropriate training sessions regarding general AML/CTF framework and new rules/obligations related to the real estate market.

### DEDICATED IMPLEMENTED TOOL

- ▶ Implementation of a professional solution to answer to your legal obligations (Customer Data, Diagram, Documents, World-Check screening, Due Diligence, Acceptance reviews, GDPR).


**FOR FURTHER INFORMATION, FEEL FREE TO CONTACT OUR EXPERTS:**



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