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FINANSHELS · COMPLIANCE WEBINAR

THE REAL ESTATE COMPLIANCE FIELD GUIDE

Are UAE Realtors Ready for Tighter AML Scrutiny?

What the UAE's tougher AML enforcement means for real estate firms — the red flags, the gaps regulators find, the penalties, and how to be inspection-ready. From a live Finanshels webinar.

IN CONVERSATION

Krishna Subhash

AML Compliance Advisor, Finanshels

HOSTED BY

Finanshels

AML & Compliance Advisory

MODERATED BY

Finanshels

Compliance Webinar Team

8 chapters + your questions · a 7-minute read

Think Finance. Think Finanshels.

Why this guide. Since the UAE left the FATF grey list, AML enforcement has tightened sharply — and real estate is squarely in the spotlight. In a live webinar, Finanshels AML Compliance Advisor Krishna Subhash walked realtors through what changed, where firms slip up, what the penalties now look like, and how to be inspection-ready. Here is everything he covered.

CHAPTER 01

Why the scrutiny just went up

The UAE is working hard to stay off the FATF grey list — and real estate is a named target.

The UAE spent a short spell on the FATF grey list. Since exiting, enforcement has become far more stringent to make sure it stays out. Inspections flow from the global **FATF mutual evaluation**: every AML-exposed sector gets scrutinised, and real estate — a designated non-financial business (DNFBP) — is one of them.

Scrutiny isn't just "are you AML-registered." Registration is only the first step. Firms get caught out when they aren't registered, or when they lack proper documentation — and that's where the **penalties** begin.

CHAPTER 02

The mistakes that trigger fines

Most penalties come from a handful of basics that firms skip.

Businesses usually surface in one of two moments: an inspection notice, or a bank-account opening (which requires AML registration). Many don't even know they must register. Beyond that, the recurring mistakes are **generic, copied policies** instead of tailor-made ones; **no entity-wide risk assessment (EWRA)**; and collecting KYC and ID documents but **never screening the client** — or screening but never checking whether a hit is a false or true positive. Miss any one step and a penalty follows.

CHAPTER 03

Four money-laundering red flags in real estate

These are the typologies Krishna sees most often on property deals.

Nominee buyers HIDDEN UBO	The property is bought in one person's name while **someone else pays**. In one case, a diplomat from a grey-list country was buying, but the payment came from an unrelated third party — so the true **ultimate beneficial owner** was unclear. Always identify the real UBO.
Complex entities LAYERED OWNERSHIP	Company A is owned by Company B, owned by Company C, across **different jurisdictions**. A UAE entity has a trade licence and MOA; a Cayman entity has a certificate of incorporation and different paperwork — making the ultimate owner very hard to trace.
Price manipulation OVER / UNDER-PRICING	There's no fixed price for property in the UAE, so invoices can be **over- or under-priced** and passed off as genuine. It's a common way to move value.
Virtual assets CRYPTO PAYMENTS	Developers often accept **cryptocurrency** to close unit sales faster. But crypto makes the **source of funds** very difficult to establish — a classic laundering channel.

CHAPTER 04

The compliance gaps regulators keep finding

Registration is step one, not the finish line. These four gaps come up again and again.

Inactive registration GAP 01	Firms register but **never file reports** or run an internal reporting procedure. Registration alone does not make you compliant.
Generic policies GAP 02	Policies copied from another firm or downloaded online. You must build from an **EWRA**, then write a policy that fits your business, with real controls and procedures.
Weak UBO checks GAP 03	Verification that stops at a trade licence or passport. You must establish **who ultimately owns and controls** the purchase.
No risk assessment GAP 04	Collecting IDs but never assessing risk. Where the client is from and resides, the property type, and the **payment method** all matter — and must be documented for inspection.

CHAPTER 05

The real reason firms fail: internal pressure

Most AML failures aren't a knowledge gap. They're a pressure gap.

Krishna's point is blunt: teams usually know what to do — they skip it under business pressure. These are the three moments where checks quietly get dropped.

MONTH-END RUSH

Sales teams push deals through to hit monthly targets — and **skip verifications** to close faster.

"TRUSTED" CLIENTS

Repeat buyers feel safe, so KYC and due diligence get dropped. That's the **biggest mistake** — some need enhanced due diligence.

BIG COMMISSIONS

Real-estate incentives run around **5% of the sale**. Chasing the commission tempts teams to cut corners.

The rule that ties it together

Every step of compliance matters, and they're interconnected — your EWRA feeds your policy, which sets your controls. **Missing a single step can cause a penalty**, no matter how well you know the client.

CHAPTER 06

What the penalties now look like

After October's regulation changes, administrative penalties climbed — and they stack.

Penalties are **cumulative** by violation. Miss registration and roughly AED 50,000 is added; miss your CDD procedures or have no AML policy and around AED 200,000 more can be added. The notice you receive is the total.

THE NUMBERS THAT SHOULD FOCUS THE MIND

AED 10K
Minimum administrative penalty

AED 5M
Maximum, depending on the violations

AED 130M
Penalties imposed across industries since 2022

A real case — and why it ended well
A firm came to Finanshels the evening before an inspection, with deficient documents from a previous provider: no proper AML policy, weak due diligence, no training records. Finanshels rectified the documentation and filed a **grievance** in time. The **AED 350,000 penalty was reversed** — they paid nothing.

CHAPTER 07

Your inspection-ready checklist

If a notice arrived tomorrow, this is what the ministry would expect to see.

- ✓ **AML policy, controls and procedures** documented and in place
- ✓ **EWRA** (entity-wide risk assessment) reviewed **annually**
- ✓ **CDD** on every client; **EDD** on high-risk and PEP clients
- ✓ Subscribed to **ECN**; every screening hit investigated and closed
- ✓ **Source of funds** verified on every transaction
- ✓ **Source of wealth** verified for high-risk clients
- ✓ Any client **without an Emirates ID** treated as high-risk, whatever the country

New this year

The updated real-estate guidelines now require **source-of-funds verification on every transaction** — a bank statement, sale agreement, or other proof that clearly shows where the money came from. Cash transactions of **AED 55,000+** and **all** virtual-asset transactions must be reported.

CHAPTER 08

Krishna's one piece of advice

> *"Don't wait for an inspection notice to start. Begin compliance the moment you start a deal — and run an AML audit every year to catch gaps before the regulator does."*
>
> — Krishna Subhash, AML Compliance Advisor, Finanshels

Firms that leave it to the last moment often have hundreds of transactions in a year with no documentation to retrieve. Start when the deal starts, keep your AML policy current, and let an annual audit tell you whether your framework actually works.

YOUR QUESTIONS, ANSWERED

Which documents prove source of funds or wealth?	Bank statements, a sale-purchase agreement, or proof from an investment sale. The guidelines list some, but any document works — as long as it **clearly shows the source**.
Who conducts the AML audit?	An internal team, or an external firm. They review your documentation and report gaps; you remediate them with **management sign-off**.
Is the cash reporting threshold only AED 55K?	No. **Virtual-asset transactions must be reported too** — with no minimum threshold at all.

YOUR QUESTIONS, ANSWERED — CONTINUED

What's the biggest misconception about AML?	That filing a report gets you in trouble. It doesn't — **reporting when required is what keeps your business safe**.
Penalty first, or a chance to respond?	You can file a **grievance within 30 days** to remediate and submit documents. Penalties can be reversed — one AED 350,000 fine was.
Never been inspected — where do I start?	Get **AML registered**, then prepare your **AML policy and EWRA** before anything else. Have the initial setup ready even before your first deal.

This guide summarises a live Finanshels webinar for general information only and is not legal or compliance advice. Thresholds, penalties and requirements are as discussed in the session and reflect current UAE AML regulations; confirm your specific case with a Finanshels AML advisor before acting. AML = Anti-Money Laundering. DNFBP = Designated Non-Financial Business or Profession. EWRA = Entity-Wide Risk Assessment. CDD/EDD = Customer / Enhanced Due Diligence. UBO = Ultimate Beneficial Owner. PEP = Politically Exposed Person.