

People's Democratic Republic of Algeria
Ministry of Housing, Urban Planning and the City

Permanent Central Authority, responsible for the supervision and control of real estate agents in the field of prevention and combating money laundering, terrorism financing and financing the proliferation of weapons of mass destruction.

Working group for assessing the risks of exploitation of real estate sector professionals for AML/CFT/CPF purposes

SUMMARY OF THE ML-TF-PF SECTORAL RISK ASSESSMENT IN THE REAL ESTATE AGENTS SECTOR



Juin 2025

LIST OF ACRONYMS

RBA

Risk-Based Approach

ML

Money Laundering

FIU

Financial Intelligence Unit

STR

Suspicious Transaction Report

PF

Proliferation Financing of weapons of mass destruction

TF

Terrorism Financing

FATF

Financial Action Task Force

AML

Anti-Money Laundering

PEP

Politically Exposed Persons

I.PREAMBLE

Since 2009, the real estate agent profession has been regulated by executive decree No. 09-18 of January 20, 2009, establishing the regulation relating to the practice of the real estate agent profession.

Under the provisions of Law No. 05-01 of February 6, 2005, amended and supplemented, relating to the prevention and combating of money laundering and terrorism financing, real estate agents are subject to the obligations provided for in articles 10 bis 3 and 19.

Due to their professional competencies, real estate agents are identified as a profession presenting a risk of instrumentalization for money laundering and terrorism financing purposes.

Real estate agents face the threat of money laundering in different ways. However, if they operate in contexts or economic sectors exposed to the threat of money laundering, they contribute through their status and the obligations to which they are subject to risk prevention and identification of fraudulent operations.

II. SECTOR DESCRIPTION

A. THE MAIN CHARACTERISTICS OF THE REAL ESTATE AGENT PROFESSION

As of March 30, 2025, **1,773** licensed real estate agents have been registered throughout the national territory.

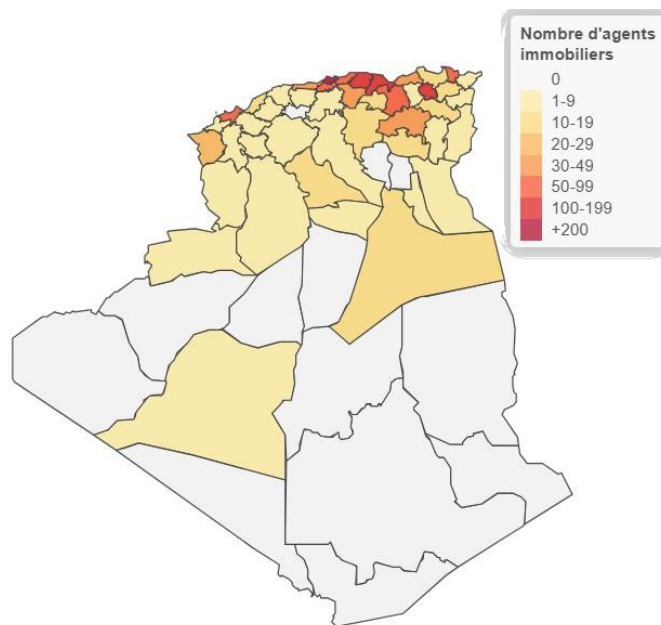


Figure: Distribution of professionals by province (Source: MHUV-2025)

Real estate agents operating in the province of Algiers represent **33%** of the total of these professionals.

A. CONTEXT OF THE SECTORAL RISK ASSESSMENT

The national risk assessment report on money laundering and terrorism financing, which Algeria completed in June 2024 according to the World Bank methodology, concluded that certain sectors are at high risk, notably certain designated non-financial businesses and professions (DNFBPs), such as real estate agents.

The Technical Committee [1] developed a sectoral roadmap for the Ministry of Housing, Urban Planning and the City, which was approved by the national committee for assessing money laundering risks, terrorism financing and financing the proliferation of weapons of mass destruction, on November 7, 2024, based on a prioritized action plan, notably **the sectoral risk assessment related to the real estate agent profession to include FATF requirements regarding AML/CFT/CPF.**

[1] Technical Committee: Chaired by a member of the FIU and composed of permanent members from the sectors. Its mission is to provide support in implementing the national strategy for preventing and combating money laundering and terrorism financing, as well as monitoring the implementation of the FATF action plan.

PART 01:

MONEY LAUNDERING "ML"

III.RECOMMENDED METHODOLOGY

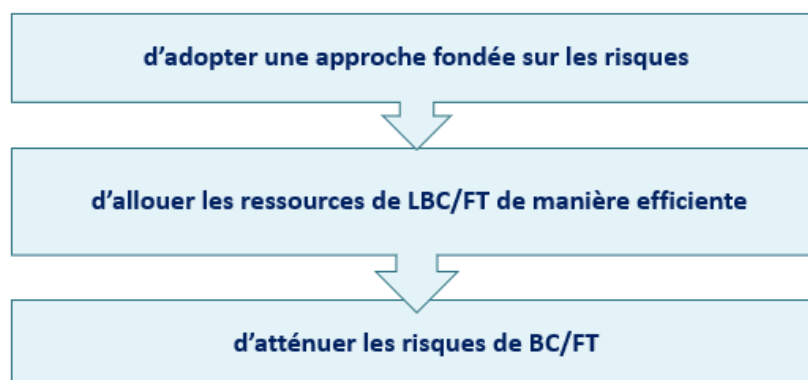
FATF recommendations specify that countries should **identify, assess and understand** the **money laundering** and **terrorism financing** risks to which the country is exposed, and should take measures, including **designating an authority or mechanism** to coordinate actions aimed at assessing risks and using resources, to ensure that risks are effectively mitigated.

Based on this assessment, countries should adopt a **risk-based approach (RBA)** to ensure that measures aimed at **preventing or mitigating** money laundering and terrorism financing are proportionate to the identified risks.

In this sectoral assessment, developed under the aegis of the working group for assessing the risks of exploitation of real estate sector professionals for ML/TF/PF purposes, it was decided to opt for the tool developed by the World Bank through its adaptation to the specificities of the sector.

Indeed, this operation consists of evaluating **threats** and **vulnerabilities**, according to a **risk-based approach**. Twelve (12) assessment variables have been selected, including:

Les **menaces** et les **vulnérabilités** doivent être évaluées afin :



After evaluating threats and vulnerabilities by assigning corresponding ratings, the risk can be assessed according to the following mapping:

LE RISQUE GÉNÉRAL DE BLANCHIMENT DE CAPITAUX DANS LE PAYS

| LA MENACE GÉNÉRALE | E | M | M | ME | E | E |
|--------------------|----|---------------------------|----|----|----|----|
| | ME | M | M | ME | ME | E |
| | M | MF | M | M | ME | ME |
| | MF | MF | MF | M | M | M |
| | F | F | MF | MF | M | M |
| | | F | MF | M | ME | E |
| | | LA VULNÉRABILITÉ GÉNÉRALE | | | | |

It should be recalled that the following points summarize briefly the methodology used for data collection:

- Sending correspondence to housing directorates/DL (58 provinces) requesting them to conduct periodic visits and implement appropriate mechanisms;
- Organization of a video-conference meeting with housing directors (58 provinces) dedicated to presenting the role of the working group established by decision of the Minister of Finance cited above as well as explaining the module dedicated to DNFBPs (see Annex 2);
- Communication of documents (questionnaires in two languages) to housing directors, for completion by both professionals and supervisory authorities;
- Communication of documents to housing directors, containing the nominative list of active (licensed) real estate agents;
- Processing of questionnaire responses by competent services of the Ministry of Housing, for scoring vulnerability variables concerning the real estate agents sector.

The "real estate agents" population represents **82%** of the mass of professionals considered. Emphasis must be placed on this category, given its size. **11%** of obliged entities operate as real estate agents and real estate administrators.

IV. INHERENT VULNERABILITIES

A. Analysis of inherent vulnerability:

The analysis of inherent vulnerability (NRA 2024) for the real estate agents sector was based on the combination of several factors. The size of the sector is considered medium, and the basic client profile is assessed as high risk.

The use of cash is a common practice in the sector. There are also difficulties in tracing transaction records at the level of sector professionals. Regarding abuse of the profession, the absence of specific money laundering typological cases is also noted.

That said, the level of inherent vulnerability of the real estate agents profession was considered, during the national risk assessment (NRA 2024) as high with a rating of **0.81/1**.

B. Analysis of final sector vulnerability:

The vulnerability assessment revealed the following:

- *Lack of knowledge of AML/CFT by company/profession personnel;*
- *Absence of suspicious transaction reports (STRs);*

- *Absence of staff specifically dedicated to supervision operations;*
- *Absence of means and resources necessary for accomplishing supervision missions;*
- *The current regulation governing real estate agent activity does not provide for the fight against ML/TF, nor does it provide for sanctions in case of failure to comply with obligations related to ML/TF prevention or combat;*
- *The professional is not trained in AML/CFT matters;*
- *Absence of provisions requiring training of these professionals in AML/CFT;*
- *The sector's supervisory authority does not have archives of disciplinary case(s).*

From the above, **the risk of use of the real estate agents sector has been assessed as high** (with a vulnerability rating of **0.81/1**), illustrated in the table below. This necessitates urgent measures to be undertaken to mitigate this situation (which will be taken into consideration in the action plan).

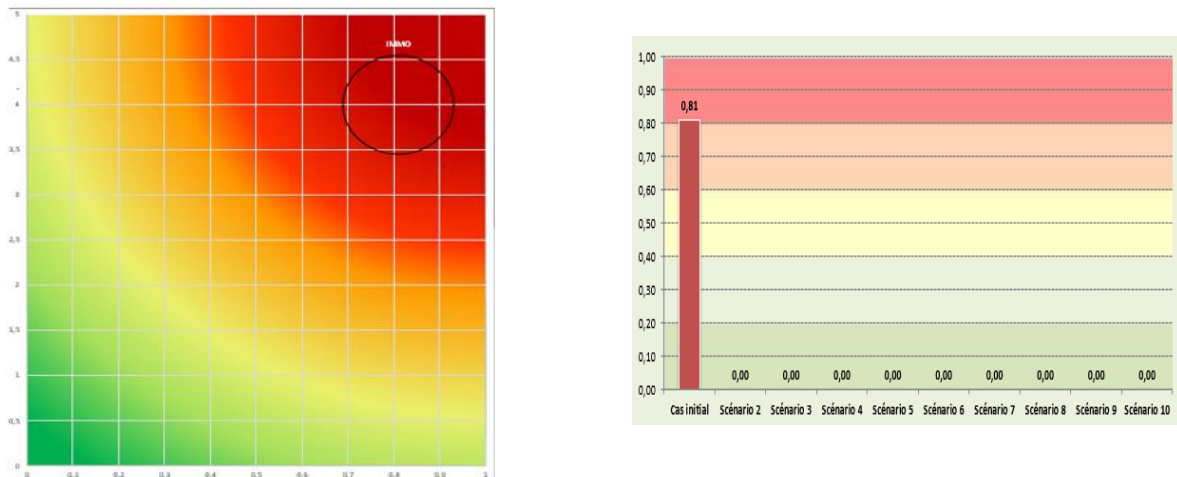


Figure: Risk mapping for the real estate sector (NRA 2024)

V. MITIGATION MEASURES

➤ Sectoral roadmap

- **For priority actions:** Provide for an implementation period that should not exceed one year, from the validation of the roadmap.
- **For complementary actions:** The implementation period may extend until December 2026.



Figure: Mapping of actions recommended in the sectoral roadmap

Actions completed

- Notification to obliged entities of instruction No. 01 of 2023 dated October 26, 2023, relating to the obligations of Designated Non-Financial Businesses and Professions (DNFBPs) regarding anti-money laundering and counter-terrorism financing, as well as instruction No. 03 of 2023 dated December 5, 2023, relating to obliged entities' obligations toward Politically Exposed Persons (PEPs), and their publication on the website of the Ministry of Housing, Urban Planning and City;
- Dissemination, on September 1, 2024, of the synthesis of the national money laundering risk assessment report, as well as the complementary synthesis report of the national assessment in its section related to terrorism financing, on October 27, 2024.
- Installation, on January 16, 2025, of the permanent central authority for supervision and control of real estate agents in the field of prevention and fight against money laundering, terrorism financing and proliferation financing of weapons of mass destruction (AML/CFT/CPF), as well as local authorities within 58 Housing Directorates. A budget of

5,000,000 DA has been allocated to the authority for managing its activities in accordance with the sectoral roadmap validated by the National Risk Assessment Committee.

- Elaboration on May 21, 2025, of a Regulation relating to prevention and fight against money laundering, terrorism financing and proliferation financing of weapons of mass destruction, for real estate agents. It is in the publication phase in the JORADP. The draft regulation has been submitted to the **FIU** for opinion.

Action No. 01:

a) Promulgate text on fit and proper tests: This part has been integrated into the draft executive decree, modifying and completing executive decree No. 09-18 of January 20, 2009, establishing regulations relating to the practice of the real estate agent profession and its transmission to the services of the General Secretariat of the Government for publication.

b) Adoption of a procedure for assessing integrity and fitness: Elaboration on May 22, 2025, of a guide for assessing the integrity and fitness of managers, partners and beneficial owners of obliged entities in the real estate sector, its dissemination to supervisors and its publication on the MHUV website.

Action No. 02:

a) Completion of sectoral ML/TF/PF risk assessment:

Creation on March 30, 2025, of a working group for risk assessment of exploitation of real estate sector professionals for AML/CFT/CPF purposes and its installation on April 20, 2025 (real estate agents, real estate administrators, brokers and real estate development operators). The Group is composed of representatives from the Ministries of Defense, Justice, Interior, as well as the DGSN, the FIU, the FGCMPI and professionals (FNAI, ONABI). The group has met 07 times so far (April 20-23-30 / May 7-14-30 and June 4, 2025).

Elaboration of statistical templates to be collected from stakeholders and their transmission on April 21, 2025, to the concerned sectors (MDN, Justice, Commerce, DGSN and FIU). These templates have been completed and submitted to group members.

Preparation of questionnaires and their submission, on April 28, 2025, to various real estate professionals. 683 completed questionnaires have been collected and submitted to Working Group members.

b) Dissemination of assessment results:

Finalization of the report on June 10, 2025. It has been submitted for approval to the National Committee.

c) Elaboration of risk-based control manuals:

Elaboration on May 22, 2025, of an on-site and off-site assessment guide for the prevention and fight against money laundering, terrorism financing and proliferation financing of weapons of mass destruction systems for agents, its dissemination to supervisors and its publication on the MHUV website.

Action No. 04:

a) Implementation of annual on-site and off-site inspection program:

The program has been prepared and submitted to the FIU. On-site inspection missions have been carried out. 278 forms collected and submitted to the working group for processing (part of the analysis of this report).

b) Application of sanctions in case of failure to comply with AML/CFT/CPF obligations

After analysis, the Working Group decided on sanctions. 40 formal notices have been, in the first phase, addressed to obliged entities that recorded failures to comply with AML/CFT/CPF obligations.

Action No. 06:

a) Capacity building:

Elaboration of an annual training program for authorities and obliged entities. This program has been updated and broken down as follows:

Training program for real estate sector supervision:

First session (February 2025 - two trainings):

- General overview of money laundering, terrorism financing and proliferation financing techniques and means of combating them at national and international levels.
- The place of the real estate agents sector in the national risk assessment and the national strategy for prevention and fight against ML/TF.
- Obligations of obliged entities in the real estate agents sector regarding AML/CFT/CPF in national legislation and FATF international standards.

Second session (June 2025):

- Entry controls to real estate professions and application of fit and proper tests.
- Conducting ML/TF/PF risk assessment of the real estate sector.
- ML/TF/PF risk-based approach in real estate sector supervision.
- Methodology for conducting on-site and off-site controls.

Third session (September 2025):

- Application of targeted financial sanctions.
- The concept of beneficial ownership.
- The concept of politically exposed persons.

Training program for obliged entities in the real estate sector:

First session (March-April-May and June 2025):

- General overview of money laundering, terrorism financing and proliferation financing techniques and means of combating them at national and international levels.
- The place of the real estate sector in the national risk assessment and the national strategy for prevention and fight against ML/TF.
- Obligations of obliged entities in the real estate sector regarding AML/CFT/CPF in national legislation and FATF international standards.

Second session (July 2025):

- FATF requirements regarding customer due diligence.
- Suspicious transaction reporting and relations with the FIU.
- ML/TF/PF risk self-assessment.

Third session (September 2025):

- Application of targeted financial sanctions.
- The concept of beneficial ownership.
- The concept of politically exposed persons.
- Implementation of a training toolkit.
- Elaboration of four (04) guidelines, on May 22, 2025, their transmission to obliged entities and their publication on the MHUV website. These are:

1. Guidelines No. 01 relating to due diligence procedures regarding customers and beneficial owners at the level of real estate agent professions in the field of AML/CFT/CPF;

2. Guidelines No. 02 relating to self-assessment of risks related to ML/TF/PF;
 3. Guidelines No. 03 relating to freezing and/or seizure measures of funds and assets within the framework of financial sanctions;
 4. Guidelines No. 04 relating to identification and verification measures of beneficial owners by real estate agents in the field of AML/CFT/CPF.
- Organization of eight (08) training and awareness sessions for the benefit of supervisors and presidents of local control authorities (Housing Directors) respectively on February 15 and 22, 2025, as well as for obliged entities (real estate agents) respectively on April 7-14-21 and 28, 2025 and May 12-31, 2025, in which 482 people participated.

VI. CURRENT VULNERABILITIES

VII-I Variable Assessment

1. Comprehensiveness of the AML legal framework in the real estate sector

- Law No. 05-01 modified and completed (article 10 bis 4 of law 23-01 of February 7, 2023 modifying and completing law No. 05-01 of February 6, 2005 relating to prevention and fight against money laundering and terrorism financing on customer due diligence);
- Order No. 28 of May 21, 2025 establishing Regulation for the fight against AML/CFT/CPF);
- Guidelines No. 1 of May 22, 2025 relating to customer due diligence procedures for customers and beneficial owners of the real estate agent profession in the field of AML/CFT/CPF (notably chapter dedicated to customer identification and beneficial owners);
- Guidelines No. 04 of May 22, 2025, relating to AML risk self-assessment in the field of real estate agent professions;
- Guidelines No. 03 of May 22, 2025, relating to customer due diligence procedures for customers and beneficial owners of the real estate agent profession in the field of AML/CFT/CPF (notably chapter dedicated to vigilance);
- Guidelines No. 02 of May 22, 2025, relating to AML/CFT/CPF risk self-assessment (notably chapters III);
- Instruction No. 1 of October 26, 2023, relating to the obligations of Designated Non-Financial Businesses and Professions regarding anti-money laundering and counter-terrorism financing;

2. Effectiveness of supervision/surveillance activities in the real estate sector

In terms of human resources, a permanent central authority for supervision and control of real estate agents in the field of prevention and fight against money laundering, terrorism financing and proliferation financing of weapons of mass destruction (AML/CFT/CPF) has been installed, as well as local authorities within 58 Housing Directorates. The total number of supervisors amounts to approximately 350 throughout the national territory.

Financial resources have been strengthened through the allocation of an amount of 5,000,000 DA, from the State budget, for the operation of the authority and management of its activities in accordance with the sectoral roadmap validated by the National Risk Assessment Committee.

3. Availability and application of administrative sanctions for non-compliance with AML/CFT requirements in the real estate sector

On-site inspection missions have been carried out during the months of April and May throughout the territory. The processing of inspection reports revealed deficiencies in anti-money laundering, counter-terrorism financing and counter-proliferation financing of weapons of mass destruction (AML/CFT/CPF), namely:

- Lack of procedure and documentation concerning customer identification;
- Non-designation of a compliance officer within your establishment;
- Absence of self-assessment of money laundering and terrorism financing risks and classification of customers according to identified risk levels;
- Non-application of enhanced due diligence measures concerning high-risk customers and transactions;
- Absence of procedure regarding circumstances and modalities of suspicious transaction reports to be transmitted to the FIU;
- Absence of procedure for handling UN and national lists of terrorist persons and entities.

To this effect, 40 formal notices have been addressed, in the first phase, to obliged entities asking them to comply with AML/CFT/CPF legislation and to take necessary measures to mitigate this situation within a period of fifteen (15) days:

- Implement a procedure for customer identification and risk assessment;
- Conduct a self-assessment of money laundering and terrorism financing risks adapted to your activity and clientele;
- Apply enhanced due diligence measures concerning high-risk customers and transactions;
- Implement a procedure regarding circumstances and modalities of suspicious transaction reports to the FIU;

- Implement a procedure for rapid handling of UN and national lists of terrorist persons and entities.

Non-compliance with these obligations within the prescribed timeframe is subject to appropriate measures in accordance with current legislative and regulatory provisions.

Also and notwithstanding the sanctions provided for by Law No. 05-01, as amended and supplemented cited above, if a Real Estate Agent has violated the provisions of said law, and/or the texts taken for its application or has not complied with an injunction or has not taken into account a warning, the supervisory and control authority may impose one of the following sanctions against them and/or against their managers and/or their agents:

- Warning;
- Reprimand;
- Prohibition from carrying out certain operations and any other limitations in the exercise of the activity;
- Temporary suspension of one or more managers and/or agents;
- Termination of functions of one or more of these same persons;
- Withdrawal of license.

4. Availability and Application of Criminal Sanctions for Violation of AML/CFT Requirements in the Real Estate Sector

The analysis of data provided by law enforcement authorities revealed 3 investigations, during the years 2020-2024, initiated against 3 real estate agents (1 broker and 2 real estate administrators).

It should be noted that the profession of "real estate developer" records investigations and for which an evaluation has been dedicated to it as being a source of emerging risk. (See part 03 of this document).

5. Availability and Effectiveness of Entry Controls for the Real Estate Sector

The provisions of Article 8 of Executive Decree 09-18, as amended and supplemented, clearly define the entry controls for the practice of the real estate agent profession (administrative investigation by security services).

In addition to the administrative investigation, it was proposed in the amendment that a fit and proper test and suitability control of license applicants or managers and partners of real estate agents must be operated by the supervisory and control authority for real estate agents.

The fit and proper assessment process for license applicants and partners and managers of covered real estate agents will be exercised in two (02) stages, prior to license issuance and post-license.

Legal and natural persons linked, notably permanent representatives, candidate managers, partners and beneficial owners are concerned by the control.

In the absence of an information-sharing platform with law enforcement authorities, supervisors request the latter to verify whether there is possibly an open investigation against the persons concerned, including beneficial owners and likely to affect their integrity.

The control procedures are defined in the evaluation guide of May 22, 2025, relating to the fit and proper assessment of managers, partners and beneficial owners of covered entities in the real estate sector, cited above.

The analysis of current data showed the effectiveness translating into the number of license refusals (2024-2025) for 41 applications out of 301 submitted, i.e., 13.6% due to their unsuitability or having been subject to unfavorable opinions by the competent services responsible for conducting administrative investigations.

6. Integrity of Personnel in Real Estate Sector Professions

The analysis of statistical frameworks provided by law enforcement authorities shows the absence of investigations and/or convictions against personnel from covered entities.

7. AML Knowledge by Personnel in Real Estate Sector Professions

Training of Personnel

Trained personnel is in clear progression compared to the reference year (0%). 8% have already benefited from training and 33% in the very near future, which would bring the rate to around 41%. Note that the supervisory and control authority organized 8 training sessions, with 482 people participating, representing approximately 28% of the population (covered entities).

8. Effectiveness of Compliance Function (Organization) within Real Estate Agencies

Unlike the National Risk Assessment (NRA), professional covered entities have shown an ability to designate a compliance officer in the very near future.

9. Effectiveness of Monitoring and Suspicious Transaction Reporting

Comment: Although the rate was estimated to be low, covered entities were sensitized through training organized by the authority. Moreover, the absence of an automated and secure tool for transmitting STRs generated some reluctance among covered entities.

Also, FATF statistics concerning STRs from the financial sector "Banks" essentially highlight the involvement of real estate developers according to the following status:

No STR was transmitted by real estate agents;

- **12 STRs** in 2020 (real estate developers), for types of underlying offenses (including 1 corruption and 11 unidentified);
- **21 STRs** in 2021 (real estate developers), for types of underlying offenses (including 1 corruption, 1 tax fraud and 19 unidentified);
- **31 STRs** in 2022 (real estate developers), for types of underlying offenses (including 2 corruption, 2 tax fraud and 27 unidentified);
- **27 STRs** in 2023 (real estate developers), for types of underlying offenses (including 1 corruption, 1 forgery and 25 unidentified);
- **12 STRs** in 2024 (real estate developers), for types of underlying offenses (including 1 corruption, 1 forgery and 10 unidentified);

Given the number of STRs for the real estate developer profession, it was decided to consider this profession in the present evaluation as being at emerging risk (part 03).

10. Availability and Access to Beneficial Ownership Information

Transparency regarding beneficial interests held in companies, trusts or similar entities is in place if comprehensive information on the structure, management, control and beneficial owners in companies, trusts and similar entities are readily available and can be accessed in a timely manner by competent authorities and are available to institutions, businesses and professions regulated under AML, to facilitate their customer due diligence obligations.

To this end and in accordance with the provisions of Articles 12 and 13 of Executive Decree No. 23-429 of 15 Jomada El Oula 1445 corresponding to November 29, 2023, relating to the public register of beneficial owners of legal entities under Algerian law, a cooperation and information and data exchange agreement was signed between the Ministry of Housing Urban Planning and the City in its capacity as supervisory and control authority for real estate agents and the National Commercial Registry Center "CRO".

This agreement aims to make available to the authority an interoperability API allowing access to the CRO (Companies Registration Office) information system through an interface developed for this purpose and called "National Registry of Beneficial Owners".

11. Availability of Reliable Identification Infrastructure and Independent Information Sources

Currently, the unavailability of specific infrastructure and devices is noted.

VII-II Some Indications

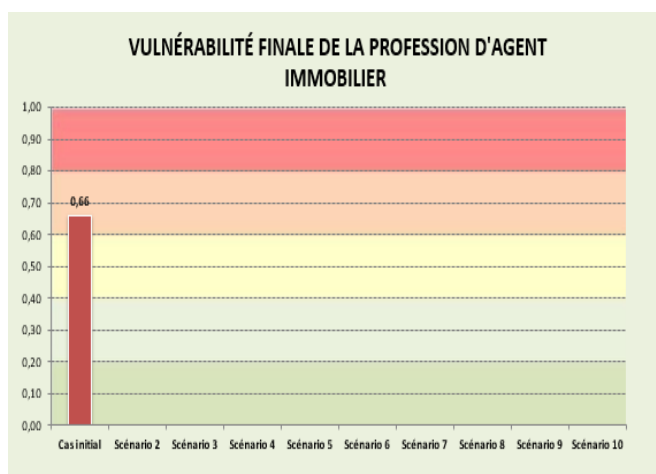
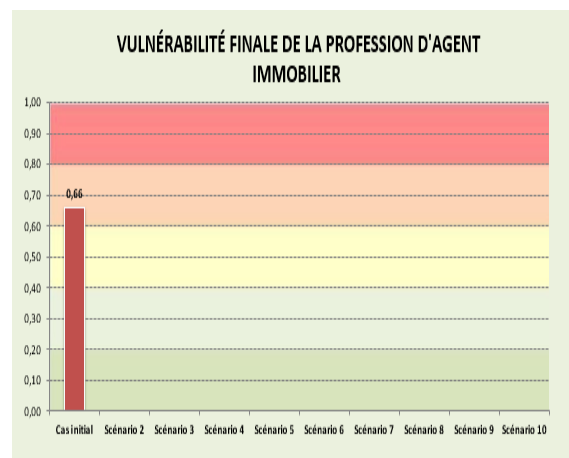
The analysis of questionnaires completed by covered entities highlighted the indications listed below:

- Almost all "national" clients, which considerably reduces the threat from foreign persons, particularly in terms of TF/PF.
- Since the entry into force, in the finance law for 2025, of the provision (January 2025) relating to payment by banking means for any real estate transaction, the use of cash has been limited to 54% against 100% in 2024 during the national assessment (June 2024).
- A remarkable advance in terms of integrating ML risk into the profession compared to 2024 (reference year for NRA national assessment). 30% of covered professionals have integrated ML Risk against 0% in 2024.
- A low rate (7%) of real estate transactions concluded (47 operations) with PEPs is noted, the majority of which was processed according to a specific procedure. Nevertheless, covered entities must implement enhanced due diligence measures (Cf. Regulation of May 21, 2025).
- 22% of customer refusal cases, against 0% compared to the reference year.
- Although the rate was estimated to be low, covered entities were sensitized and instructed to transmit STRs to the competent authority (FIU).
- Although the rate was estimated below expectations, 8.6% of real estate agents regularly conduct audits and 1.4% do so often.

II-3. RATING OF CURRENT VULNERABILITY VARIABLES BY PROFESSIONAL PROFILE

Real Estate Agents

| AGENTS IMMOBILIERS | |
|---|-----------------------------|
| A. VARIABLES GÉNÉRALES D'ENTRÉE/CONTRÔLES LIÉS À LA LBC | RÉSULTAT DE L'ÉVALUATION |
| Exhaustivité du Cadre juridique de la LBC | (0.8) Très élevé 0.8 |
| Efficacité des activités de supervision/surveillance | (0.5) Moyen 0.5 |
| Disponibilité et application de sanctions administratives | (0.6) Moyennement élevé 0.6 |
| Disponibilité et application de sanctions pénales | (0.6) Moyennement élevé 0.6 |
| Disponibilité et efficacité des contrôles d'entrée | (0.7) Elevé 0.7 |
| Intégrité du personnel des agents immobiliers | (0.4) Moyennement bas 0.4 |
| Connaissance de la LBC par le personnel des agents immobiliers | (0.6) Moyennement élevé 0.6 |
| Efficacité de la fonction de conformité (Organisation) | (0.3) Bas 0.3 |
| Efficacité du suivi et de la déclaration d'activités suspectes | (0.3) Bas 0.3 |
| Disponibilité et accès aux informations sur les bénéficiaires effectifs | (0.5) Moyen 0.5 |
| Disponibilité d'infrastructures d'identification fiables | (0.1) Presque rien 0.1 |
| Disponibilité de sources d'information indépendantes | (0.1) Presque rien 0.1 |



- Independent and reliable information sources, notably comprehensive and reliable historical financial information and other customer information, are not currently available or accessible in Algeria for DNFBPs such as the real estate agent profession;
- The unavailability of reliable identification infrastructure, which does not allow covered professionals to verify the identity of their customers.

These factors have impacted the quality of the CDD framework (rating **0.1/1**). It should be recalled that CDD is the process by which comprehensive information on customers is collected, with the aim of identifying beneficial owners and ensuring that they are not involved in financial crimes. It turns out that covered real estate agents are confronted with the limitation of information and information sources on beneficial owners, which constitutes a significant vulnerability in the real estate agent sector.

Sanctions and Enforcement Measures

Also and notwithstanding the sanctions provided for by Law No. 05-01, as amended and supplemented cited above, if a Real Estate Agent has violated the provisions of said law, and/or the texts taken for its application or has not complied with an injunction or has not taken into account a warning, the supervisory and control authority may impose one of the following sanctions against them and/or against their managers and/or their agents:

- Warning;
- Reprimand;
- Prohibition from carrying out certain operations and any other limitations in the exercise of the activity;
- Temporary suspension of one or more managers and/or agents;
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- Withdrawal of license.

4. Availability and Application of Criminal Sanctions for Violation of AML/CFT Requirements in the Real Estate Sector

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In addition to the administrative investigation, it was proposed in the amendment that a fit and proper test and suitability control of license applicants or managers and partners of real estate agents must be operated by the supervisory and control authority for real estate agents.

The fit and proper assessment process for license applicants and partners and managers of covered real estate agents will be exercised in two (02) stages, prior to license issuance and post-license.

Legal and natural persons linked notably permanent representatives, candidate managers, partners and beneficial owners are concerned by the control.

In the absence of an information-sharing platform with law enforcement authorities, supervisors request the latter to verify whether there is possibly an open investigation against the persons concerned, including beneficial owners and likely to affect their integrity.

The control procedures are defined in the evaluation guide of May 22, 2025, relating to the fit and proper assessment of managers, partners and beneficial owners of covered entities in the real estate sector, cited above.

The analysis of current data showed the effectiveness translating into the number of license refusals (2024-2025) for 41 applications out of 301 submitted, i.e., 13.6% due to their unsuitability or having been subject to unfavorable opinions by the competent services responsible for conducting administrative investigations.

6. Integrity of Personnel in Real Estate Sector Professions

The analysis of statistical frameworks provided by law enforcement authorities shows the absence of investigations and/or convictions against personnel from covered entities.

7. AML Knowledge by Personnel in Real Estate Sector Professions

Training of Personnel

Trained personnel are in clear progression compared to the reference year (0%). 8% have already benefited from training and 33% in the very near future, which would bring the rate to around 41%. Note that the supervisory and control authority organized 8 training sessions, with 482 people participating, representing approximately 28% of the population (covered entities).

8. Effectiveness of Compliance Function (Organization) within Real Estate Agencies

Unlike the National Risk Assessment (NRA), professional covered entities have shown an ability to designate a compliance officer in the very near future.

9. Effectiveness of Monitoring and Suspicious Transaction Reporting

Comment: Although the rate was estimated to be low, covered entities were sensitized through training organized by the authority. Moreover, the absence of an automated and secure tool for transmitting STRs generated some reluctance among covered entities.

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- **21 STRs** in 2021 (real estate developers), for types of underlying offenses (including 1 corruption, 1 tax fraud and 19 unidentified);
- **31 STRs** in 2022 (real estate developers), for types of underlying offenses (including 2 corruption, 2 tax fraud and 27 unidentified);
- **27 STRs** in 2023 (real estate developers), for types of underlying offenses (including 1 corruption, 1 forgery and 25 unidentified);
- **12 STRs** in 2024 (real estate developers), for types of underlying offenses (including 1 corruption, 1 forgery and 10 unidentified);

Given the number of STRs for the real estate developer profession, it was decided to consider this profession in the present evaluation as being at emerging risk (part 03).

10. Availability and Access to Beneficial Ownership Information

Transparency regarding beneficial interests held in companies, trusts or similar entities is in place if comprehensive information on the structure, management, control and beneficial owners in companies, trusts and similar entities are readily available and can be accessed in a timely manner by competent authorities and are available to institutions, businesses and professions regulated under AML, to facilitate their customer due diligence obligations.

To this end and in accordance with the provisions of Articles 12 and 13 of Executive Decree No. 23-429 of 15 Jomada El Oula 1445 corresponding to November 29, 2023, relating to the public register of beneficial owners of legal entities under Algerian law, a cooperation and information and data exchange agreement was signed between the MHUV in its capacity as supervisory and control authority for real estate agents and the National Commercial Registry Center "CNRC".

This agreement aims to make available to the authority an interoperability API allowing access to the CRO information system through an interface developed for this purpose and called "National Registry of Beneficial Owners".

11. Availability of Reliable Identification Infrastructure and Independent Information Sources

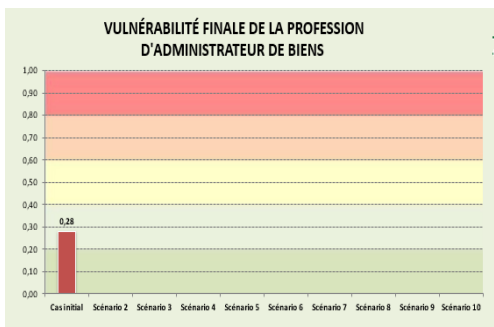
Currently, the unavailability of specific infrastructure and devices is noted.

VII-II Some Indications

The analysis of questionnaires completed by covered entities highlighted the indications listed below:

- Almost all "national" clients, which considerably reduces the threat from foreign persons, particularly in terms of TF/PF.
- Since the entry into force, in the finance law for 2025, of the provision (January 2025) relating to payment by banking means for any real estate transaction, the use of cash has been limited to 54% against 100% in 2024 during the national assessment (June 2024).
- A remarkable advance in terms of integrating ML risk into the profession compared to 2024 (reference year for NRA national assessment). 30% of covered professionals have integrated ML Risk against 0% in 2024.
- A low rate (7%) of real estate transactions concluded (47 operations) with PEPs is noted, the majority of which was processed according to a specific procedure. Nevertheless, covered entities must implement enhanced due diligence measures (Cf. Regulation of May 21, 2025).
- 22% of customer refusal cases, against 0% compared to the reference year.
- Although the rate was estimated to be low, covered entities were sensitized and instructed to transmit STRs to the competent authority (FIU).
- Although the rate was estimated below expectations, 8.6% of real estate agents regularly conduct audits and 1.4% does so often.

Real Estate Property Administrators



The final vulnerability of the real estate property administrator profession is estimated at **0.28/1**. This is explained by the small size of this category and the nature the products (real estate property management) which reduces exposure to ML risks. The risk can be considered medium-low (ML).

BROKERS

The final vulnerability of the broker profession is estimated at **0.55/1**. The risk has been estimated as medium (M) due to the size of this corporation being less significant compared to real estate agents having the same degree of vulnerability.

VII.RESIDUAL VULNERABILITIES

Residual vulnerability, in the context of money laundering risk assessment, represents the risk that persists after mitigation and control measures have been implemented. In other words, it is the level of risk that the enterprise cannot completely eliminate, even with effective internal controls and procedures.

| AGENTS IMMOBILIERS | | | |
|---|--------------------------|-----|-----|
| A. VARIABLES GÉNÉRALES D'ENTRÉE/CONTRÔLES LIÉS À LA LBC | RÉSULTAT DE L'ÉVALUATION | ENR | |
| Exhaustivité du Cadre juridique de la LBC | [0.8] Très élevé | 0,8 | 0,9 |
| Efficacité des activités de supervision/surveillance | [0.5] Moyen | 0,5 | 0,2 |
| Disponibilité et application de sanctions administratives | [0.6] Moyennement élevé | 0,6 | 0,1 |
| Disponibilité et application de sanctions pénales | [0.6] Moyennement élevé | 0,6 | 0,1 |
| Disponibilité et efficacité des contrôles d'entrée | [0.7] Elevé | 0,7 | 0,4 |
| Intégrité du personnel des agents immobiliers | [0.4] Moyennement bas | 0,4 | 0,1 |
| Connaissance de la LBC par le personnel des agents immobiliers | [0.6] Moyennement élevé | 0,6 | 0 |
| Efficacité de la fonction de conformité (Organisation) | [0.3] Bas | 0,3 | 0 |
| Efficacité du suivi et de la déclaration d'activités suspectes | [0.3] Bas | 0,3 | 0 |
| Disponibilité et accès aux informations sur les bénéficiaires effectifs | [0.5] Moyen | 0,5 | 0 |
| Disponibilité d'infrastructures d'identification fiables | [0.1] Presque rien | 0,1 | 0 |
| Disponibilité de sources d'information indépendantes | [0.1] Presque rien | 0,1 | 0 |

It clearly appears that a significant improvement is observed in the ratings of the variables obtained compared to those of the ENR. The overall score (**0.66/1** Vs. **0.81/1**).

VIII. RISK CLASSIFICATION BY PROFESSIONAL PROFILE

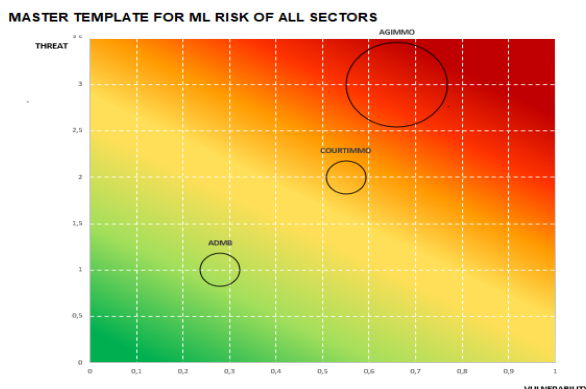


Figure: Risk Level Mapping by Professional Profile

Summary Table

| Profile | Risk Rating | Risk Level |
|------------------------------------|-------------|------------|
| Real Estate Agent | 0.66 | ML |
| Real Estate Property Administrator | 0.28 | LM |
| Broker | 0.55 | M |

PART 02:

TERRORIST FINANCING AND PROLIFERATION FINANCING OF WEAPONS OF MASS DESTRUCTION "TF-PF"

➤ **Reminder:**

Algeria has opted for and adopted the World Bank methodology to assess terrorist financing risks, using the tool developed by the latter (TF risk assessment tool), during its national assessment conducted in 2024.

The results obtained by using the World Bank tool highlight three categories of sectors according to their risk level: medium risk sectors, medium-low risk sectors and low risk sectors. The three risk categories encompass:

Table: Distribution of obliged entities from financial institutions and DNFBPs by TF risk categories

| | |
|--------------------------------|--|
| Medium risk sectors | <i>Banks and financial institutions</i> |
| Medium-low risk sectors | <i>Algeria Post, notaries, real estate agents, dealers in precious metals and precious stones, customs brokers, car dealers, chartered accountants and NPOs.</i> |
| Low risk sectors | <i>Insurance companies, statutory auditors, certified accountants, lawyers, dealers in antiques and works of art, bailiffs, securities, betting and gaming and mutual insurance societies.</i> |

Source: 2nd part of the NRA report relating to terrorist financing, June 2024, P. 55.

The real estate agents sector obtained a risk rating of 0.28/1, with a medium-low (ML) risk level.

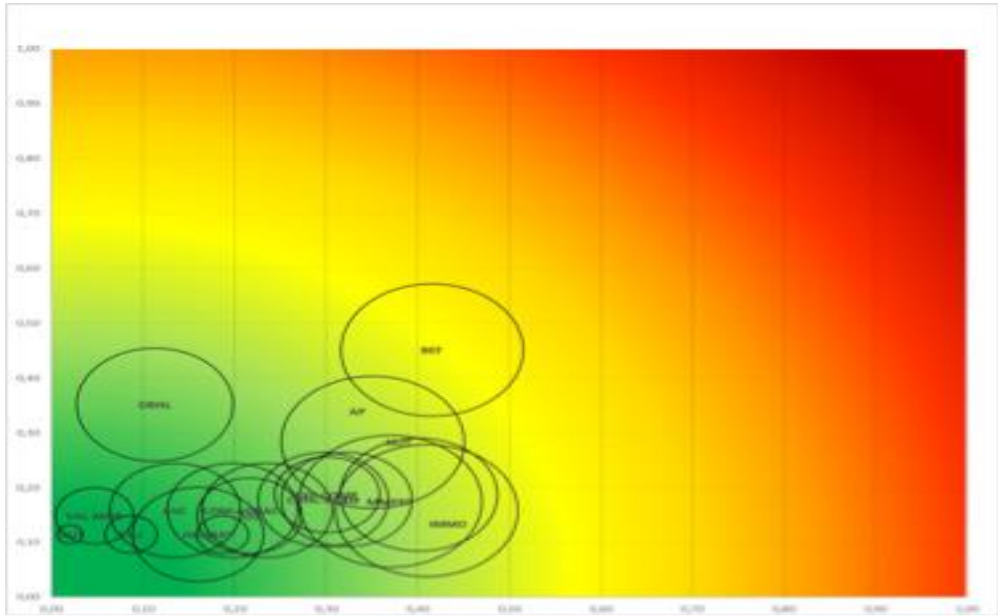


Figure: TF risk level of all obliged entities (FIs/DNFBPs)

Source: 2nd part of the NRA report relating to terrorist financing, June 2024, P.54.

1. **TF threat analysis of real estate agents:** The threat facing real estate agents in terms of terrorist financing is at a medium-low level with a rating of 0.28/1.

Table No.: TF threat factors for real estate agents

| THREAT FACTORS / AGENTS IMMOBILIERS | | ASSESSMENT RATING |
|--|--------------|-------------------|
| Existence of Typologies/Cases in the Jurisdiction (related to abuse of the sector) | Do not exist | 0,1 |
| Existence of Typologies/Cases Globally (related to abuse of the sector) | Do not exist | 0,1 |
| Geographic Factors (specific to the sector) | Do not exist | 0,1 |
| Demographic factors (specific to the sector) | Do not exist | 0,1 |
| Other Threat Factors (specific to the sector) | Do not exist | 0 |
| National Threat Level (the sector is exposed to) | 0,26 | 0,26 |
| Inputs From The National TF Threat Assessment* (Manual Entry) | | Threat Scores |
| Internal TF Threat at National Level | 0,14 | |
| Outgoing TF Threat at National Level | 0,5 | |
| Incoming TF Threat at National Level | 0,5 | |
| Transit TF Threat at National Level | 0,5 | |

Source: Working group responsible for the SRA, concerning real estate agents, 2025.

1. **TF vulnerability analysis of real estate agents:**

Table No.: TF control variables rating

| CFT CONTROL FACTORS | ASSESSMENT RATING | |
|---|--------------------------|-----|
| Comprehensiveness of CFT Legal /Regulatory Framework | (0.9) Close to Excellent | 0,9 |
| Effectiveness of Supervision/Oversight Activities | (0.2) Very Low | 0,2 |
| Availability and Enforcement of Administrative Sanctions | (0.1) Close to Nothing | 0,1 |
| Availability and Enforcement of Criminal Sanctions | (0.1) Close to Nothing | 0,1 |
| Availability and Effectiveness of Entry Controls | (0.4) Medium Low | 0,4 |
| Integrity of Staff in the Sector | (0.1) Close to Nothing | 0,1 |
| CFT Knowledge and Awareness of Staff in the Sector | (0.0) Does Not Exist | 0 |
| Effectiveness of Compliance Function (Organization) | (0.0) Does Not Exist | 0 |
| Effectiveness of TFS implementation | (0.0) Does Not Exist | 0 |
| Effectiveness of Suspicious Activity Monitoring and Reporting | (0.0) Does Not Exist | 0 |
| Availability and Access to Beneficial Ownership information | (0.3) Low | 0,3 |
| Availability of Reliable Identification Infrastructure | (0.0) Does Not Exist | 0 |
| Availability of Independent Information Sources | (0.0) Does Not Exist | 0 |

Source:
group responsible for the SRA, concerning real estate agents, 2025.

Working

The main vulnerabilities of the real estate agents sector, related to the control of requirements **TF inherent vulnerability analysis of real estate agents:**

The inherent vulnerability analysis was based on the combination of several factors. The size of the sector is considered as high, and the basic client profile is deemed as high risk. The use of cash is a very common practice in the sector. Regarding the abuse of the use of real estate agents, it is noted that there are no cases of terrorist financing via real estate agents.

Table No.: Rating of TF inherent vulnerability factors for real estate agents

| INHERENT VULNERABILITY FACTORS / AGENTS IMMOBILIERS | ASSESSMENT RATING | |
|--|-------------------|-----|
| Overall size/turnover of the sector | High | 0,9 |
| Outward International Transactions/Operations | At limited level | 0,2 |
| Outward International Transactions to/Operations in High Risk Jurisdictions | At limited level | 0,2 |
| Inward International Transactions/Operations | At limited level | 0,2 |
| Inward International Transactions from/Operations by High Risk Jurisdictions | At limited level | 0,2 |
| Client Base Profile | High Risk | 1 |
| Level of Cash Activity | High | 1 |
| Use of Agents, Vendors, other Intermediaries | Does Not Exist | 0 |
| Suitability/utility for TF | Does Not Exist | 0 |
| Other Inherent Vulnerability Factors | Does Not Exist | 0 |

Source: Working group responsible for the SRA, concerning real estate agents, 2025.

That said, the inherent vulnerability level of real estate agents is considered as medium (with an inherent vulnerability rating of 0.41/1).

Figure: Comparison between inherent vulnerability and residual vulnerability

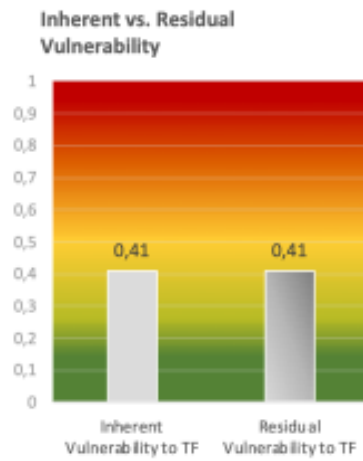
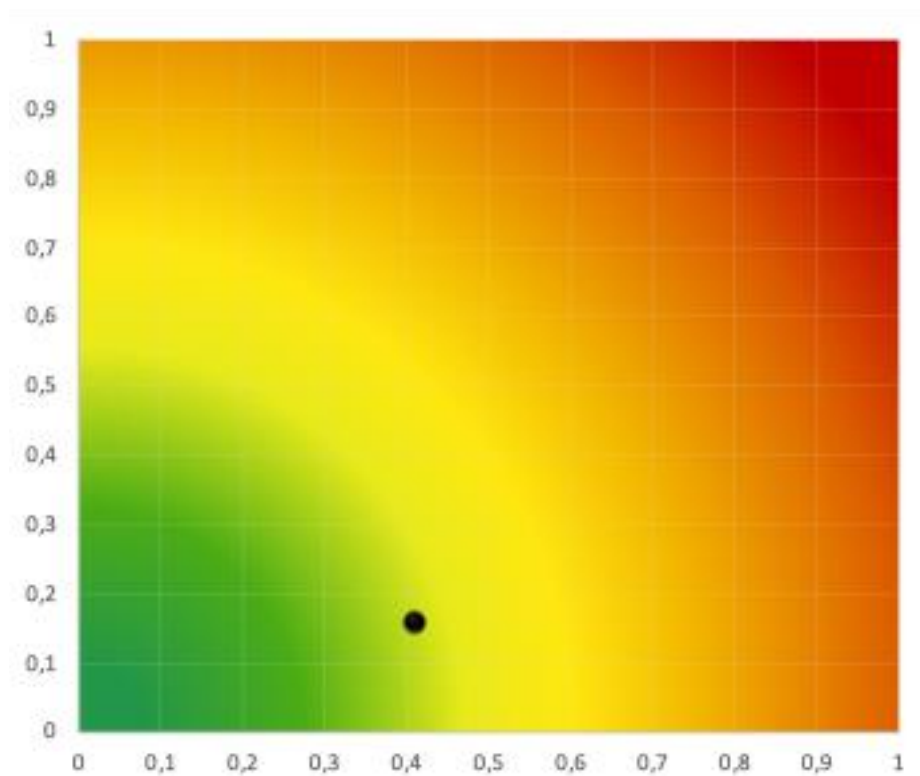


Figure: TF risk level of real estate agents



PART 03:

EMERGING RISK "REAL ESTATE DEVELOPER PROFESSION"

Context:

In the wake of the sectoral risk assessment, it was deemed appropriate to extend the submission of questionnaires to licensed real estate developers although they are not considered as obliged entities within the meaning of law No. 05-01.

The emergence of real estate developers in recent years and the proliferation of real estate development projects from the private sector have raised questions about this corporation's exposure to ML risks given the threats from certain clients.

It should be noted that approximately 11,000 real estate developers are licensed and registered in the National Register of Real Estate Developers (TNPI) since the entry into force of the provisions of law No. 11-04 of February 17, 2011 establishing the rules governing real estate development activity.

This activity was regulated under the provisions of article 4 of law No. 11-04 stipulating: "Licensed real estate developers registered in the commercial register are authorized to initiate real estate projects. No one can claim the status of real estate developer or exercise this activity if they do not hold a license and are not registered in the national register of real estate developers under the conditions and procedures defined by this law."

71 questionnaires completed by real estate developers were considered in this assessment.

Comment: Among the developers surveyed, 26% were aware of sanctions in case of ML, despite not being obliged entities under the law. Only 8% of clients belong to the category of Politically Exposed Persons (PEPs).

IX. COMMON RECOMMENDATIONS

In view of the variable ratings and risk scoring, the action plan must continue, which is outlined as follows:

- Effectiveness of the compliance function (Organization)
- Effectiveness of supervision/surveillance activities
- Knowledge of AML law by real estate agent personnel
- Effectiveness of monitoring and reporting suspicious transactions
- Integrity of real estate agent personnel
- Availability and application of administrative sanctions
- Availability and application of criminal sanctions

X. CONCLUSION

The results obtained conclude with an overall risk level rating, estimated respectively as medium-high (MH) for real estate agents, medium (M) for brokers and medium-low (ML) for real estate property administrators.

Indeed, the implementation of the prioritized action plan recommended in the national ML/TF/PF risk assessment report has greatly contributed to risk mitigation through concrete, measurable and quantifiable actions, despite the constraints encountered at the start of the process marked by an unfavorable professional environment reflected in the reluctance of professionals to participate.

The obliged professionals subsequently demonstrated an ability to integrate AML/CFT/CPF and to continue executing the action plan developed above, established from the risk identification and assessment criteria presented in this assessment.

Furthermore, it is important to note that the permanent central authority for supervision and control of obliged entities and local authorities are determined to further strengthen efficient and targeted controls (frequency and intensity), continue training and awareness actions planned in the annual capacity building program and apply sanctions provided by current legislation in case of non-compliance.

Finally, considering that the real estate development sector could be considered high risk given the size of real estate developers exercising this profession, on one hand, and the unprecedented proliferation of real estate development projects, on the other hand, it is recommended that it be integrated as an obliged entity.

Real estate developers in Algeria are exposed to money laundering risk due to their role in real estate transactions. It is therefore important that developers implement due diligence measures to identify and prevent money laundering operations in accordance with current legislation.