

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

**Permanent Central Authority responsible for the supervision and oversight
of real estate agents with respect to AML/CFT/CPF**

**Fit and Proper Assessment Guide for the Directors, Partners and
Beneficial Owners of Real Estate Sector Reporting Entities**

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1. Objective of the Guide:

This guide outlines the orientations as well as the prudential practices and processes implemented by the permanent central authority for the supervision and oversight of real estate agents, established within the Ministry of Housing, Urban Planning and the City.

It is a practical tool that will be updated and developed periodically. Although the orientations contained in the guide are without prejudice to the legislation and regulations in force, the supervisory authority endeavors, to the extent possible, to interpret national rules in accordance with these orientations.

The assessments of integrity (honorability) and fitness (knowledge, skills and experience) are conducted on a case-by-case basis, and this guide is to be used solely as a practical reference.

Therefore, each assessment will result from an analysis and judgment by the supervisory authority adapted to the specific situation.

The prudential practices described in the guide respect the principle of proportionality, meaning they are proportionate to the size, systemic importance, and risk profile of the real estate agents subject to prudential supervision, as well as the principle of efficient allocation of limited supervisory resources.

The fitness and propriety assessment conducted by the competent authority is of a preventive and prudential nature and relies heavily on the quality and availability of information provided.

It is distinct from criminal proceedings or administrative sanctions. The assessment of integrity, competence, and experience contributes to the ongoing supervisory oversight of governance structures of real estate sector reporting entities.

2. Legal and Regulatory Framework

- Ordinance No. 75-59 of 26 September 1975 on the Commercial Code, as amended and supplemented;
- Law No. 05-01 of 6 February 2005 on the Prevention and Combating of Money Laundering and the Financing of Terrorism, as amended and supplemented;
- Executive Decree No. 23-429 of 29 November 2023 on the Public Register of Beneficial Owners of Legal Persons under Algerian Law;
- Executive Decree No. 23-430 of 29 November 2023 setting the conditions and modalities for the exercise by regulatory, control and/or supervisory authorities of their duties in the field of Anti-Money Laundering, Countering the Financing of Terrorism and the Financing of the Proliferation of Weapons of Mass Destruction, in relation to reporting entities;
- Executive Decree No. 09-18 of 23 Moharram 1430 corresponding to 20 January 2009, as amended and supplemented, laying down the regulation governing the exercise of the real estate agent profession;
- Order dated 23 Dhou El Kaâda 1446, corresponding to 21 May 2025, establishing the regulation on combating money laundering, preventing the financing of terrorism and the proliferation of weapons of mass destruction, with regard to real estate agents;
- Decision No. 13 of 16 January 2025 appointing the members of the Permanent Central Authority responsible for the supervision and oversight of real estate agents in the field of Anti-Money Laundering, Counter-Terrorist Financing and Counter-Proliferation Financing.

3. Definitions

- **Beneficial Owners:** The natural person(s) who ultimately:
 1. Own(s) or control(s) the customer, the customer's proxy or the beneficiary of life insurance contracts; and/or
 2. Is the natural person on whose behalf a transaction is conducted or a business relationship is established;
 3. The individuals who ultimately exercise effective control over a legal person.
- **Real Estate Sector Reporting Entities:** Real estate agents, real estate brokers, and property managers.
- **Directors:** Any natural person who is a member of the deliberative body, executive body, or other key management personnel of a reporting entity, such as: general manager of the legal person, managing partner, associate, as well as individuals occupying key functions within the

reporting entity, in particular the internal auditor, the head of permanent control, and the compliance officer.

- **Fitness:** The individual and collective capacity, in cooperation with other members, to possess the knowledge, skills, and experience necessary to perform assigned duties. Fitness also encompasses the honesty, integrity, and independence of mind of each individual, as well as their ability to dedicate sufficient time to carrying out their responsibilities.
- **Probity (Honorability):** Refers to the honesty and integrity of an individual in fulfilling their tasks in a loyal, autonomous, ethical, and upright manner.

It should be noted that Executive Decree No. 09-18, as amended and supplemented, sets the minimum rules regarding the conditions required for any person wishing to establish or create a real estate agency, or act as a real estate broker or property manager.

The pre- and post-screening procedure for assessing the probity and fitness of the partners and directors of real estate sector reporting entities includes the digitization and submission of documents and data through the Ministry of Housing's online portal. However, the obligation to submit hard copy files is still maintained.

A dedicated **database** is established for this purpose.

- **FIPU:** Financial Intelligence Processing Unit (*Cellule de Traitement du Renseignement Financier*).

a) Reputation

An individual is deemed to be of good repute if there is no evidence to the contrary, and if their personal and professional conduct raises no concerns regarding their integrity.

As part of the reputation assessment, it is necessary to verify whether the individual has been subject to any criminal, administrative, tax-related, or other proceedings or convictions. Based on relevant available information, the supervisor evaluates the seriousness of the facts and their impact on the individual's reputation and integrity.

Directors and partners of real estate sector reporting entities must at all-time maintain the required standard of integrity. A person appointed as a director is considered to have sufficient integrity if

there is no objective and substantiated reason to suggest otherwise, especially in light of relevant available information.

Integrity is not deemed sufficient if the individual's personal or professional behavior raises significant doubts about their ability to ensure sound and prudent management of the institution.

Without prejudice to fundamental rights, criminal and administrative records are considered in the assessment of the individual's reputation, honesty, and integrity. This includes considering the type of conviction or indictment, the role of the person involved, the sentence imposed, the stage of proceedings, the evidentiary value of the findings, and any applicable reintegration measures.

The circumstances of the case are also taken into account, including mitigating factors, the severity of the offence or administrative sanctions, the time elapsed since the offence, the individual's conduct since the incident or sanction, and the relevance of the matter in relation to the individual's proposed role.

All relevant judicial and administrative history is considered, taking into account applicable national statutes of limitation. Given that a person either has a good or poor reputation, the proportionality principle does not apply to the requirement of integrity or to the assessment thereof, which must be conducted uniformly across all entities.

As part of the assessment, central or local supervisory authorities examine all available information concerning the appointed person's integrity, including the stage of proceedings and the probative value of any alleged misconduct.

Furthermore, the fact that the individual has been convicted or sanctioned is a material element, and the aforementioned factors will be considered in the overall reputation assessment. Each case is assessed individually.

The prudential approach taken in assessing reputation goes beyond merely checking compliance with a set of criteria. Central or local supervisory authorities do not have fact-finding powers or investigative authority concerning money laundering or terrorist financing offences and therefore rely on information provided by competent authorities and criminal justice bodies.

The findings of authorities responsible for AML/CFT will be requested and considered as key inputs in determining the individual's fitness. However, supervisory authorities carry out their own assessments from a prudential standpoint.

b) Conflicts of Interest

Directors must be capable of making decisions independently, prudently, and objectively, free from any undue influence or conflicts of interest.

The reporting entity, its directors, and partners must disclose to the competent authorities any actual, potential, or perceived conflicts of interest.

A conflict of interest arises when the pursuit of the individual's personal interests adversely affects the interests of the supervised reporting entity.

Therefore, the governance framework of each supervised reporting entity must include written policies for identifying and disclosing all conflicts of interest—whether actual, potential (reasonably foreseeable), or perceived (from the public's viewpoint).

These policies must also provide measures to prevent, mitigate, and manage such conflicts.

The existence of a conflict of interest does not automatically render an individual unfit. This will only be the case if the conflict represents a material risk and the supervised entity's written policies, applicable legislation, or any specific agreement between the reporting entity and the individual in question do not allow for effective mitigation, management, or prevention of the conflict.

Supervisory authorities (central and local) assess the effectiveness and adherence to conflict-of-interest policies as part of their ongoing governance oversight.

c) Experience and Knowledge

Directors must possess the knowledge, skills, and experience necessary to fulfill their functions.

Directors of reporting entities must maintain sufficient, up-to-date knowledge, skills, and experience to perform their duties effectively. Each director must also have a basic understanding of areas not directly under their individual responsibility but for which they bear collective responsibility.

The selection and appointment of individuals who meet the minimum requirements in terms of experience, knowledge, and competence is primarily the responsibility of the head of the reporting entity. The assessment must be conducted—subject to national law—prior to appointment and on a case-by-case basis, where necessary (e.g., upon a significant change in responsibilities).

The term “experience” covers both practical and theoretical aspects and includes knowledge and skills. This includes formal education and training as well as on-the-job experience gained through previous professional roles.

All key function holders within the entity must have basic theoretical knowledge in legal, economic, commercial, and real estate matters, gained either through practical experience or training. An individual appointed, for example, as risk director, chief financial officer, compliance officer, or head of internal audit must have relevant experience in that particular domain.

Any reporting entity submitting a fitness and propriety assessment request must provide details of the individual's experience. The minimum required information should be drawn from supporting documentation (e.g., a fitness and propriety questionnaire, curriculum vitae) that includes all relevant qualifications, professional experience, and training in commercial, financial, or other relevant fields.

The institution must also confirm that the individual is fit to carry out their duties. If the appointee does not meet the presumptive experience threshold, the institution must provide complementary or compensatory factors to support the nomination.

4.3 Fitness Assessment

The fitness assessment of directors is primarily based on the following elements:

- Examination of supporting documents evidencing the directors' professional experience and qualifications;
- Evaluation of their ability to carry out the responsibilities associated with their functions;
- Verification of whether they have received appropriate training, particularly in the real estate sector, and whether they comply with the applicable regulatory requirements.

Requests for information are addressed to various institutions, notably:

- Universities, institutes, or schools to verify the authenticity of the degrees obtained;
- Any other relevant information useful for a sound assessment.

As a reminder, reporting entities are required to inform the central and local supervisory authorities of any changes made to the conditions of authorization/licensing, including any changes related to beneficial owners.

All controls must be properly documented, and a permanent file must be established and maintained.

In the absence of an information-sharing platform with law enforcement authorities, supervisors shall contact the relevant agencies to verify whether any ongoing investigation is being conducted against the individuals concerned, including declared or undeclared beneficial owners, which could impact their reputation and integrity.

The objective of such controls is to assess the potential risk posed by each director and beneficial owner to the reporting entity, and to identify any necessary risk mitigation measures.

4.4 Open Source Checks

In addition to the fitness and propriety assessments, open source searches must be conducted using publicly available information, such as:

- Public websites,
- Social media platforms,
- Online-accessible governmental databases,
- And other similar resources.

These searches aim to gather supplementary information on the directors, partners, and beneficial owners of real estate sector reporting entities, in order to enhance the assessment of their reputation and fitness.

5. Special Case of Non-Residents

Information required for the fitness and propriety assessment of non-resident directors and partners of reporting entities, as well as for the identification of their beneficial owners, is obtained through international cooperation with foreign supervisory counterparts.

6. Frequency of Supervision

The assessment of the honorability and fitness of partners, their representatives, directors, and beneficial owners is carried out:

- During the application for authorization/licensing,

- And periodically to assess ongoing compliance with the conditions of the initial authorization or license.

This assessment must be conducted regularly, at least once per fiscal year, and additionally in the following situations:

- Any change in ownership or management;
- A request for license renewal;
- On-site inspection or based on information received from third parties;
- Any update of the consolidated or national lists related to the enforcement of targeted financial sanctions.

Beneficial Ownership

As previously stated in the definitions, a beneficial owner must be a natural person. Therefore, it is necessary to examine the ownership structure of each reporting entity that is a legal person, in order to identify its beneficial owner(s). A reporting entity may have more than one beneficial owner.

Any natural person who ultimately owns or controls, directly or indirectly, a real estate sector reporting entity, must be identified as a beneficial owner.

7.1. Beneficial Ownership Control Points

As part of the identification of beneficial owners, the control points include, but are not limited to, the following:

- Once the National Register of Beneficial Owners is implemented by the CNRC, checks must be performed via a dedicated platform;
- During the review of General Assembly meeting minutes, verification must be conducted regarding the attendees and any proxies used;
- It must be ensured that the legal person has established a procedure to collect sufficient, accurate and up-to-date information on the beneficial owner. This information may be recorded in a special register, as stipulated by Executive Decree No. 23-429 of 29 November 2023 relating to the public register of beneficial owners of Algerian legal persons.

Additionally, real estate sector reporting entities must ensure that they hold adequate, accurate and updated information on their beneficial owners, and that this information can be made promptly available to both central and local supervisory authorities.

Any issue affecting the honorability or fitness of shareholders, legal persons, their representatives, or directors must be immediately reported to the relevant supervisory authorities at the central and local levels.

A list of non-approved shareholders and directors must be maintained.

7.2. Due Diligence on Beneficial Ownership

Reporting entities must comply with due diligence requirements related to beneficial ownership, in particular:

- The governing body is responsible for implementing appropriate procedures and ensuring the provision of sufficient, accurate, and up-to-date information on the beneficial owner of the legal entity;
- The reporting entity must inform the central and local supervisory authorities of any change regarding beneficial ownership as soon as possible from the date such information becomes known;
- The governing body must ensure that the reporting entity maintains a special register where contact details and information on the beneficial owner are recorded, and that this register is retained for a minimum period of five (05) years from the date the status ends;
- The information recorded in the special register must be supported by relevant documentation issued by competent authorities and retained under the same conditions;
- The special register must include, at a minimum, the following information:
 - The number of shares held by the beneficial owner, the percentage of capital ownership, and the voting rights granted;
 - The date on which the individual acquired and, where applicable, ceased to have beneficial ownership status;
 - The criteria established by the reporting entity by which a person qualifies as a beneficial owner.

8. Staff Integrity

The assessment of staff integrity is addressed during the information-gathering process carried out in the AML/CFT/CPF report, prepared by reporting entities.

9. Self-Assessment

It is essential for reporting entities to carry out an internal evaluation of the honorability and fitness of their directors, beneficial owners, and shareholders. This assessment must be systematically integrated into their risk assessment processes for money laundering, terrorist financing, and the proliferation of weapons of mass destruction.

By identifying potential risks linked to shareholders, reporting entities can take appropriate preventive measures to enhance their compliance with applicable regulatory frameworks and reduce exposure to such illicit activities.

10. Communication of Evaluation Results to Reporting Entities

Once the assessment of the fitness and propriety has been completed, the decisions regarding the granting or denial of authorization shall be communicated to applicants through the following channels:

- By official correspondence, with a copy retained by both the central and local supervisory authorities;
- Via the WEB-MHUV portal.

All notifications relating to the authorization or rejection decisions shall be handled with the utmost confidentiality, in order to protect the reputation and privacy of the applicants.

11. Ongoing Evaluation

To ensure the effectiveness and robustness of this procedure, a regular evaluation will be conducted. This review shall include:

- An examination of existing processes;
- The identification of any gaps or inefficiencies;
- The recommendation of appropriate corrective and enhancement measures.

In addition, periodic controls shall be carried out to verify whether the procedure remains compliant with current regulatory requirements.