



The Compliance Commission of The Bahamas

NOTICE

Re: FATF Publishes Guidance on Risk Based Approach for Real Estate Sector

Dear Registrant,

The FATF published revised guidance on applying a Risk-Based Approach to implement appropriate measures to adequately mitigate money laundering and terrorist financing (ML/TF) risks related to the real estate sector.

The revised guidance for the real estate sector was updated through a public consultation launched in March 2022.

FATF underlines that the popularity of the real estate sector as a choice for investment attracts criminals and other illicit actors seeking to mask the profits of their illegal activities. These criminal elements impact society and undermine the rule of law. They also drive up the prices of real estate and make housing inaccessible to many. In addition, FATF warns that the real estate sector often has poor understanding of ML/TF risks and regularly fails to mitigate them.

Specifically, vulnerabilities include exploitation by politically exposed persons, the purchase of luxury real estate, the use of virtual assets, and the use of anonymous companies and gatekeepers as instruments to launder the proceeds of crime. In order to address these risks, the sector needs to ensure effective customer due diligence measures, such as access to information about beneficial owners of real estate transactions.

Finally, FATF notes the importance of working with counterparts in other jurisdictions to prevent criminals from abusing the real estate sector and market, including through cross-border cooperation and action.

The guidance is posted on the Compliance Commission's website at <https://ccb.finance.gov.bs/wp-content/uploads/2022/07/FATF-RBA-Real-Estate-Sector-FINAL-.pdf>

Should you have any questions or concerns kindly contact the Compliance Commission at compliance@bahamas.gov.bs

Yours Truly,

Andrew Strachan
Inspector

Issued: August 2nd, 2022