



# Real Estate Agents Compliance & Recent updates in MahaRERA



by CA Mayank Saraf



# QR Code in Promotions and Advertisements of Real Estate Projects

This presentation is based on the orders issued by MahaRERA, the Maharashtra Real Estate Regulatory Authority, regarding the display of QR code in the promotions and advertisements of real estate projects registered with MahaRERA. The QR code is a tool to help homebuyers and allottees to access project related information easily and transparently.





# The Real Estate (Regulation and Development) Act, 2016

## 1 Act Overview

The Act aims to regulate and promote the real estate sector in India, mandating the establishment of Real Estate Regulatory Authorities (RERAs) in each state and union territory.

## 2 Registration Requirements

The Act requires the registration of real estate projects and agents with the RERAs, specifying obligations and duties of promoters, agents, and allottees.

## 3 Information Disclosure

The Act provides for the disclosure of information on the websites of the RERAs, ensuring transparency.



# The Maharashtra Real Estate Regulatory Authority

## 1 Establishment

MahaRERA was established by the Government of Maharashtra in 2017 under the provisions of the Act and the Rules.

## 2 Responsibilities

MahaRERA is responsible for registering real estate projects and agents, ensuring compliance, and providing a grievance redressal mechanism.

## 3 Regulatory Orders

MahaRERA issues orders and directions to enforce compliance with regulations and standards.

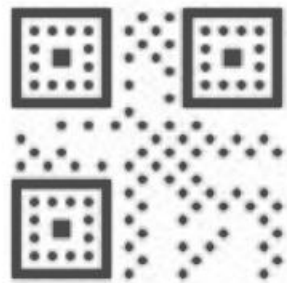
# The Quick Response Code

## Functionality

The QR code is a two-dimensional barcode that can store various types of information, such as text, URL, contact details, etc.

## Wide Application

The QR code is widely used for marketing, advertising, payment, authentication, and other purposes in the real estate sector.



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## Display of QR Code in Promotions and Advertisements

- ▶ MahaRERA Order No. 46/2023



# Advantages of QR Code for Homebuyers and Allottees

## Transparency

- 1 Access project details easily and transparently, empowering informed decisions.

## Comparison

- 2 Compare different projects, verify claims, and make informed choices.

## Validation

- 3 Validate project status, approvals, financials, and promoter's profile.

# Penalty for Non-Display of QR Code

MahaRERA Order No. 46A/2023

Imposes a penalty of Minimum Rs. 10,000 Upto Rs. 50,000/- for non-compliance, in case of continuous default, appropriate action may be taken.



# Implementation of QR Code by Promoters

## Compliance Rate

78.2% of registered projects have displayed the QR code, indicating significant improvement.

## Monitoring

MahaRERA is actively monitoring compliance and taking action against defaulters.



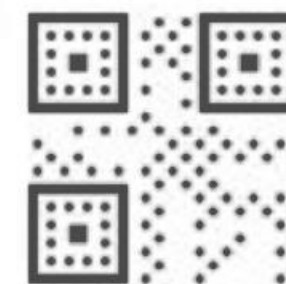
# Issues and Recommendations for QR Code

## 1 Challenges

- Lack of awareness and education
- Technical glitches and errors
- Inconsistency in QR code size and quality
- Resistance from some promoters

## 2 Recommendations

- Conducting awareness campaigns and workshops
- Providing technical support and guidance
- Standardizing QR code format and design
- Enforcing and incentivizing compliance



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# Summary and Future Scope of QR Code

► Conclusion

- The QR code is an innovative and effective initiative by MahaRERA to enhance the transparency and accountability of the real estate sector in Maharashtra.
- The QR code enables the homebuyers and allottees to access the project related information easily and transparently, and empowers them to make informed choices.
- The QR code also helps the promoters to showcase their credibility and quality, and attract more customers.
- The QR code is a step towards achieving the vision and mission of MahaRERA and the Act.

# Grievance Redressal Cell

## Introduction

A circular issued by the Maharashtra Real Estate Regulatory Authority (MahaRERA) on 24/08/2023. It recommends that every promoter should establish a Home Buyer / Allottee Grievance Redressal Cell to address and resolve issues / grievances of home buyers / allottees. The circular also states that the establishment of such a cell will be considered by MahaRERA when grading of real estate projects is undertaken.





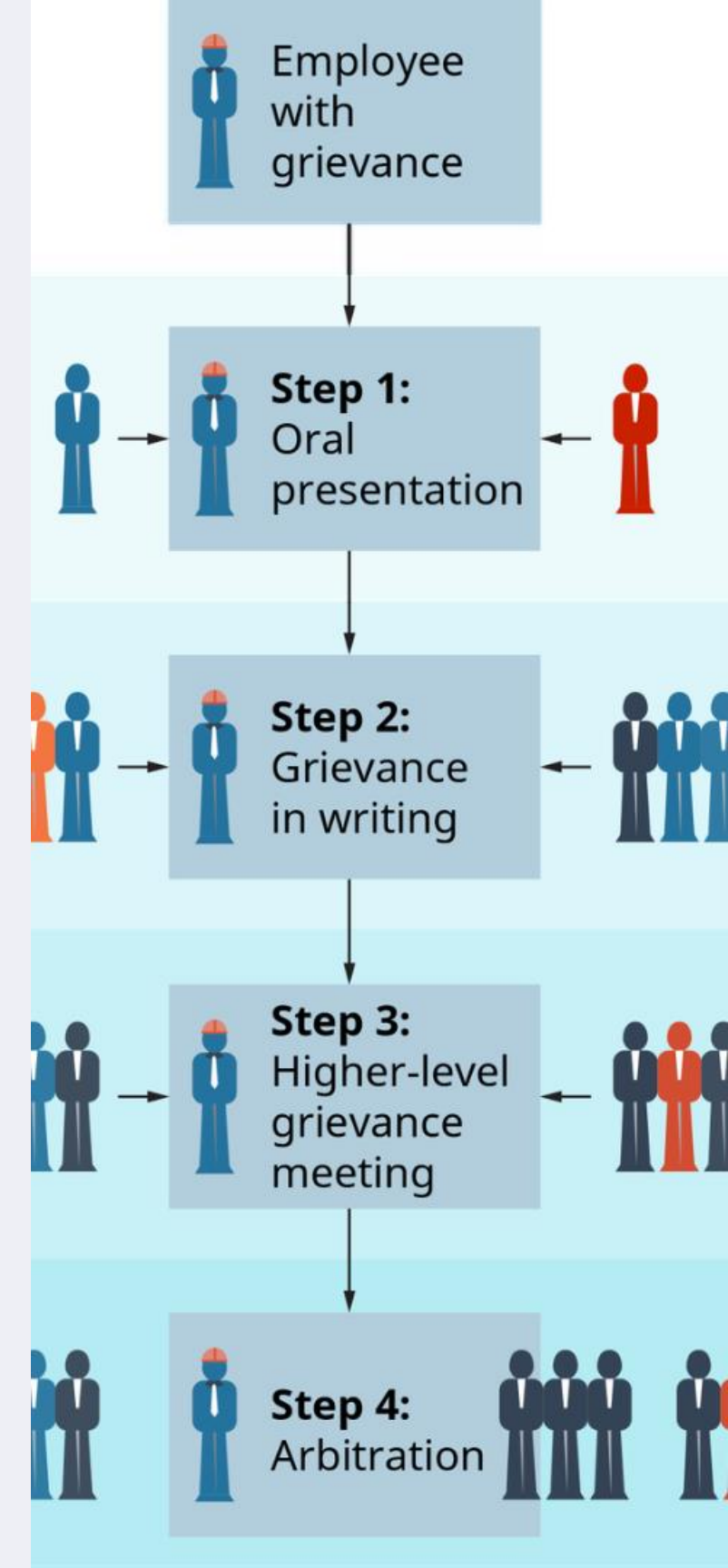
# Need for a Grievance Redressal Cell

## 1 Prevention of Escalation

MahaRERA has received feedback that grievances of allottees could be resolved faster and prevented from escalation if an appropriate grievance redressal mechanism is established by every promoter.

## 2 Difficulties in Redressal

MahaRERA has noticed that many home buyers / allottees encounter difficulties in redressal of issues / grievances as they do not know who to approach at the office of the promoters.





# Recommendations of MahaRERA

## 1 Establishment of Cell

MahaRERA recommends that every promoter should endeavor to establish a Home Buyer / Allottee Grievance Redressal Cell that would be responsible for receiving and promptly addressing complaints / grievances of home buyers / allottees.

## 2 Grievance Redressal Officer

The cell should have at least one Grievance Redressal Officer, and the name and contact details of such Officer should be made available to home buyers / allottees.

## 3 Transparency

The promoter should also upload the information on the cell and the number of complaints received and disposed of on the promoter webpage for convenient access by the home buyers / allottees.





# Real Estate Projects Grading Matrix

The MahaRERA Grading Matrix for Real Estate Projects is a tool designed to help homebuyers compare and evaluate different projects based on various parameters of development. It is based on the Real Estate (Regulation and Development) Act, 2016, aiming to bring greater transparency and accountability in the real estate sector. The matrix will be applicable to all real estate projects registered post January 2023 in Maharashtra and will be generated every six months using the information submitted by the promoters.





# Project Overview

## Project Name

The name of the real estate project as registered with MahaRERA.

## Promoter Name

The name of the promoter or the entity responsible for developing the project.

## MahaRERA Registration Number

The unique identification number assigned to the project by MahaRERA.

## Location

The address and the geographical coordinates of the project site.

## Type of Project

The category of the project, such as residential, commercial, plotted development, etc.

# Technical Snapshot

## Quarterly Progress Reports

The status of the submission of the quarterly progress reports by the promoter, which indicate the physical progress of the project.

## % of Work Completed

The percentage of work completed for the building, wing, layout, or plotted development, and for the internal and external development works, as certified by the engineer.

## % of Time Elapsed

The percentage of time elapsed from the project registration date to the proposed project completion date.

# Financial Snapshot

## **1 % of Financial Progress**

The percentage of financial progress of the project, as certified by the chartered accountant.

## **2 Annual Audit Report**

The status of the submission of the annual audit report by the promoter, which indicates the financial transactions and compliance of the project.

## **3 Penalties**

The amount of penalties imposed by MahaRERA on the promoter for any violations or non-compliance of the Act or the Regulations.

# Legal Snapshot

## **1**      **Complaints Against the Project**

The number and status of the complaints filed against the project by the allottees or any other aggrieved parties before MahaRERA or any other forum.

## **2**      **Warrants Issued**

The number and status of the warrants issued by MahaRERA against the promoter for the enforcement of its orders or directions.

## **3**      **Legal Encumbrances**

The existence of any legal encumbrances on the project, such as litigation, arbitration, injunction, stay, etc.





# Disclaimer

## Data Source

The disclaimer that the data displayed in the MahaRERA Grading Matrix is as per the data provided by the promoters of the respective projects from time to time.

## Data Date

The disclaimer that the report has been prepared from the data submitted by the promoter till a specified date, and that the data may change subsequently due to updates or modifications by the promoter or MahaRERA.

## Data Interpretation

The disclaimer that the data is meant for information and guidance purposes only, and that the homebuyers should not rely solely on the data for making their decisions.

# Benefits of MahaRERA Grading Matrix

1

## Transparency

The MahaRERA Grading Matrix enhances the transparency in the real estate sector by providing a comprehensive and objective overview of the various aspects of the projects.

2

## Accountability

The MahaRERA Grading Matrix increases the accountability of the promoters by requiring them to disclose and update the relevant information about their projects on a regular basis.

3

## Evaluation

The MahaRERA Grading Matrix facilitates the evaluation of the projects by the homebuyers by enabling them to compare and contrast different projects based on various parameters of development.

4

## Empowerment

The MahaRERA Grading Matrix empowers the homebuyers by providing them with the necessary information and guidance to make informed and rational decisions about their investments in the real estate sector.

# Challenges of MahaRERA Grading Matrix

## Data Quality

The MahaRERA Grading Matrix depends on the quality of the data provided by the promoters, which may be inaccurate, incomplete, outdated, or misleading.

## Data Verification

The MahaRERA Grading Matrix does not verify the data provided by the promoters, and relies on the self-certification and audit reports of the promoters.

## Data Interpretation

The MahaRERA Grading Matrix does not interpret the data provided by the promoters, and leaves it to the discretion and judgment of the homebuyers.

## Data Limitation

The MahaRERA Grading Matrix does not cover all the aspects of the projects, and may omit or overlook some important or relevant information.

# Future Scope of MahaRERA Grading Matrix

## 1 Data Improvement

The MahaRERA Grading Matrix can be improved by enhancing the quality, accuracy, completeness, timeliness, and consistency of the data provided by the promoters.

## 2 Data Integration

The MahaRERA Grading Matrix can be integrated with other sources of data, such as the GIS mapping, satellite imagery, drone surveys, or social media reviews, to provide a more holistic and realistic view of the projects.

## 3 Data Visualization

The MahaRERA Grading Matrix can be visualized using more interactive and user-friendly tools, such as graphs, charts, tables, or dashboards, to present the data in a more appealing and understandable manner.

## 4 Data Grading

The MahaRERA Grading Matrix can be graded using a standardized and objective scale, such as stars, ratings, scores, or ranks, to provide a more comparative and quantitative assessment of the projects.



# Conclusion

## 1 Summary

The MahaRERA Grading Matrix for Real Estate Projects is a tool to help homebuyers compare and evaluate different projects based on various parameters of development.

## 3 Limitations

The MahaRERA Grading Matrix for Real Estate Projects has some limitations, such as the quality, verification, interpretation, and coverage of the data provided by the promoters.

## 2 Significance

The MahaRERA Grading Matrix for Real Estate Projects is a significant initiative to bring greater transparency and accountability in the real estate sector.

## 4 Recommendations

The MahaRERA Grading Matrix for Real Estate Projects can be improved and enhanced by improving the data quality, integrating the data sources, visualizing the data, and grading the data.



# Project Quality Management

The Real Estate (Regulation and Development) Act (RERA) 2016 aims to ensure transparency, accountability, quality, and customer satisfaction in the real estate sector in India.

To propose a comprehensive Framework for Quality Assurance (FQA) in real estate projects, dedicated to preventing construction defects and enabling homebuyers to assess the quality of a project.

The FQA will cover all registered projects under MahaRERA, except those exempted by the Authority.



# International Examples

## 1 Singapore's CONQUAS System

The Building and Construction Authority (BCA) developed the CONQUAS - Construction Quality Assessment System in 1989, which measures the quality level achieved in a completed building project based on four components.

## 2 CONQUAS Banding

BCA categorizes developers and projects into six bands based on their average CONQUAS performance, ranging from Band 1 to Band 6.



# National Context

## **Pradhan Mantri Awas Yojana (Urban)**

Government of India launched PMAY (U) to ensure Housing for All in Urban Areas, with four key components.

## **Third-Party Quality Monitoring Agencies (TPQMA)**

PMAY (U) has a vital component of TPQMA to ensure quality of construction under various components of the Mission except CLSS.



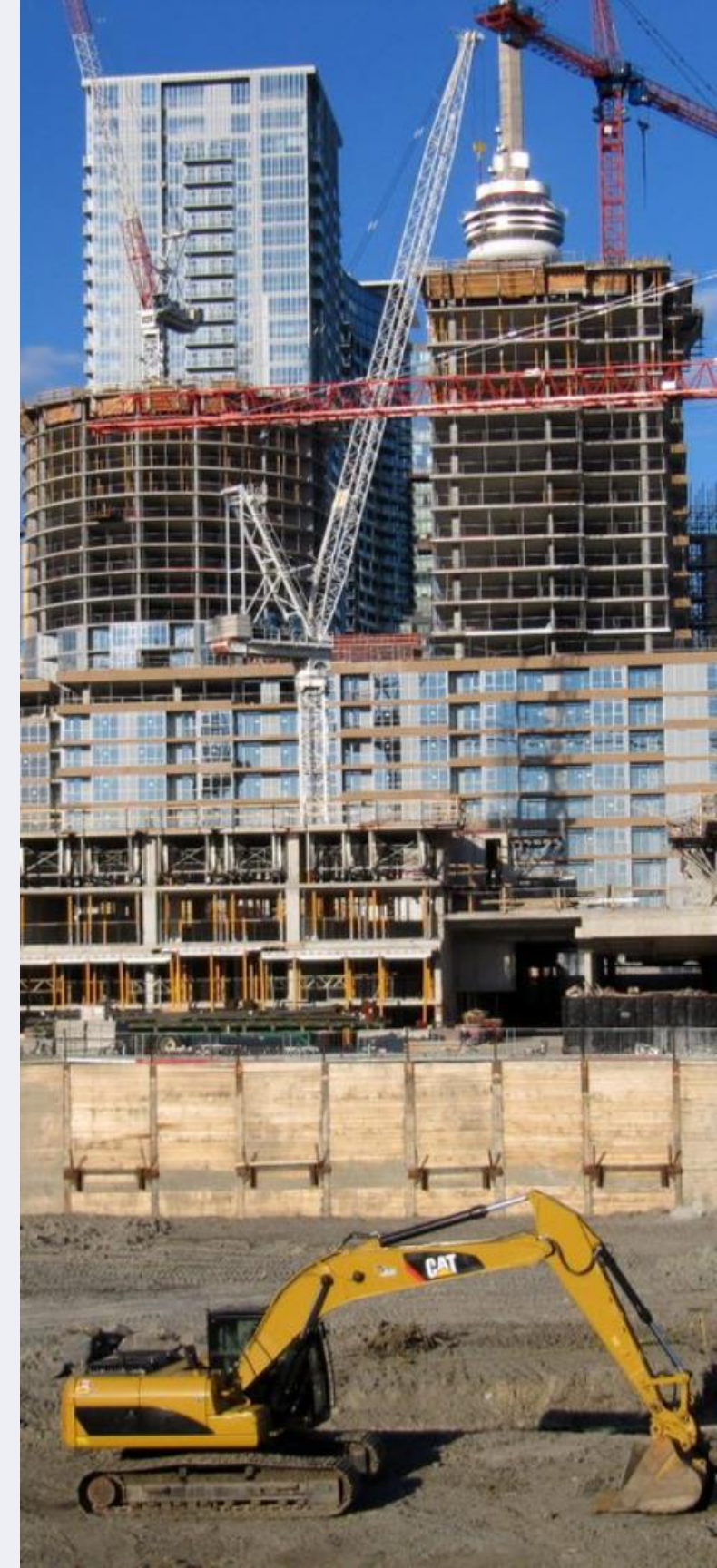
# Need for Quality Assurance System in Real Estate

## 1 RERA's Limitations

RERA offers a curative solution for problems pertaining to construction quality faced by allottees, but it is crucial to prioritize the prevention of such construction defects from arising in the first place.

## 2 Homebuyers' Challenges

Homebuyers face difficulties in assessing the quality of a project, especially if they do not comprehend technical details.





# Proposal

**1**

## **Need for Third Party Quality Monitoring Mechanism**

MahaRERA proposes to introduce a third party quality monitoring mechanism, where registered projects will be inspected by empanelled Quality Monitoring Agencies (QMA) at various stages of construction.

**2**

## **Stages and Scope of Inspection**

The QMA will conduct inspections at three stages: foundation, superstructure, and finishing.



# Quality Rating System

## Objective

To provide a simple and transparent rating system for the quality of real estate projects, based on the QMA's inspection reports and MahaRERA's evaluation criteria.

## Rating Scale

The rating scale will consist of five levels: Excellent, Very Good, Good, Satisfactory, and Poor.



# Benefits of Quality Rating System

## 1 For Homebuyers

The quality rating system will help homebuyers to make well-informed decisions, as they will have access to reliable and objective information on the quality of the project.

## 2 For Developers

The quality rating system will incentivize developers to improve their quality standards and practices.

# Challenges and Risks

## Empanelment of QMA

- 1 The empanelment of QMA will require a rigorous and transparent process, to ensure that they have the requisite qualifications, experience, expertise, and credibility to conduct quality inspections.

## Cost and Time Implications

- 2 The introduction of the FQA will have cost and time implications for the developers.



# Public Comments

- ▶ Invitation





# Conclusion

## Summary

MahaRERA proposes to implement a comprehensive FQA in real estate projects, dedicated to ensuring defect-free apartments for homebuyers.

## Vision

MahaRERA envisions to create a culture of quality in the real estate sector in Maharashtra.





# Real Estate Agent Training and Certification Program

Guidelines for real estate agent training and certification program introduced by MahaRERA (Maharashtra Real Estate Regulatory Authority).







# Roadmap for Implementation

**1**

## **Commencement of real estate agent training**

February 2023 onwards

**2**

## **Commencement of online examinations**

April 2023 onwards

**3**

## **Mandatory requirement of valid real estate agent certification**

With effect from 01.05.2023 extended to 01.01.2024 via order no 41/B dated 13th December 2023

# Real Estate Agent Training Details

## 1 Eligibility

The training shall be applicable for:

- All individual real estate agents and authorized signatory in case of firms / companies / organizations (Other than Individuals).
- All employees / staff / officers working in firms / companies / organizations of real estate agents, who interact with homebuyers / allottees for effecting transactions in real estate projects.
- All real estate agents registered with MahaRERA.

## 2 Curriculum

The training course syllabus content for the present shall contain the following topics:

1. Course orientation
2. Introduction to the Real Estate (Regulation and Development) Act 2016 (RERA)
3. Maharashtra Real Estate Regulatory Authority (MahaRERA)
4. Understanding of MahaRERA portal
5. Real estate agent registration and responsibilities
6. Real estate project registration and promoter responsibilities
7. Allottees and their responsibilities
8. Due diligence before facilitating sale of property
9. Sales process, forms and agreements
10. Real estate calculations



## Real Estate Agent Training Details (contd.)

### Training Mode

All modes of training shall be made available by the empaneled training providers which shall be as follows: Online, Offline (Physical), Hybrid (Online + Physical)

### Duration & Other Details

- Duration of training shall be minimum 20 hours.
- Maximum batch size shall be 25-50 candidates per batch.
- 60% attendance is mandatory for completion of the course and registering for examination.
- Training fees: Maximum fees to be levied by training providers shall not exceed Rs. 5000/- (excluding GST).

# Examination

## Examination Body

MahaRERA has entered into a MoU with IBPS (Institute of Banking Personal Selection) for conducting of the training course examination. IBPS is an autonomous body having its Governing Board consisting of nominees from the Reserve Bank of India, Ministry of Finance, Government of India, National Institute of Banking Management, representatives of Public Sector Banks and Academicians, and has a long & varied experience in successfully conducting the examinations on large scale on behalf of reputed institutes / organizations / authorities.

## Examination Process

The examination registration process shall commence from March 2023 and examinations shall commence from April 2023 onwards. The examination pattern will be Multiple Choice Questions with four options for each question. There shall be tentatively 50 questions (2 marks each) amounting to 100 marks. The passing marks shall be 40 marks. Examinations shall be held in English and Marathi. Examination fees: Maximum fees to be levied for registration of examination shall not exceed Rs. 1500/- (excluding GST).

# Certification

## Certification Details

On successful passing of examination, the candidates shall be provided certification i.e. a Certificate of Competency shall be issued with unique certification number. The certification number shall be required to be mentioned for registration / renewal or continuation of registration of real estate agents with the Authority.



# Half yearly Report by Real Estate Agents

Order issued by the Maharashtra Real Estate Regulatory Authority (MahaRERA) on 13.02.2023. The order directs all MahaRERA registered real estate agents to submit half-yearly progress reports on their respective web pages. It aims to ensure transparency and accountability in the real estate sector and comply with the provisions of the Real Estate (Regulation and Development) Act 2016 and other relevant laws.





# Background of Real Estate Act

## Act Implementation

The Real Estate (Regulation and Development) Act 2016 came into force on 01.05.2017 to regulate and promote the real estate sector in India.

## Agent Registration

The Act mandates every real estate agent to register with MahaRERA before facilitating the sale or purchase of any plot, apartment, unit or building in a real estate project.

## Record Maintenance

The Act also requires every real estate agent to maintain and preserve such books of account, records and documents as may be prescribed.

# MahaRERA Rules and Regulations

## Registration Rules

The Government of Maharashtra has notified the Maharashtra Real Estate (Regulation and Development) (Registration of Real Estate Projects, Registration of Real Estate Agents, Rates of Interest and Disclosures on Website) Rules, 2017 to carry out the provisions of the Act.

## Complaint Procedures

MahaRERA has also notified the Maharashtra Real Estate Regulatory Authority (General) Regulations, 2017 to carry out the purposes of the Act.

## Agent Responsibilities

The Rules specify the information and documents to be submitted by the real estate agents for registration and renewal of registration with MahaRERA.



# MahaRERA Powers and Functions

## 1 Issuing Directions

MahaRERA is vested with the powers to issue directions to the promoters, real estate agents and allottees from time to time as it may consider necessary under Section 37 of the Act and Regulation 38 of the Regulations.

## 2 Regulating Projects

MahaRERA is also entrusted with the functions to register and regulate real estate projects and real estate agents registered under the Act under Section 34 of the Act.

## 3 Imposing Penalties

MahaRERA has the authority to impose penalties, interest and compensation for any violation of the Act, the Rules and the Regulations by the promoters, real estate agents and allottees under various sections of the Act.



# MahaRERA Order on Progress Reports

## 1 Reporting Period

The half-yearly progress reports shall be uploaded as per the financial calendar half year period which shall be (a) April to September and (b) October to March.

## 2 Information Required

The reports shall contain details of real estate projects, plots, apartments, units or buildings where booking/sale was facilitated by the real estate agent during the reporting period.

## 3 Compliance Requirements

It shall also include the details of the Principal Officer and the Designated Director for real estate agents whose annual turnover is Rs. 20 lakhs and above.



# Rationale and Benefits of the Order

1

## Reasons for Order

To ensure efficient and transparent sale of real estate properties and to comply with various laws and regulations.

2

## Expected Benefits

To enhance transparency, empower homebuyers, and promote professionalism and ethical conduct of real estate agents.

# Implementation and Enforcement

## Public Viewing

The half-yearly progress reports except the portion marked '\*' in Form 6 shall be made available for public viewing on the MahaRERA website.

1

## Commencement Date

The order shall come into force with effect from 01.04.2023.

2

3

## Non-Compliance Actions

Action shall be initiated by MahaRERA in case of non-compliance with the timelines mentioned in the order.



# Challenges and Suggestions

## 1 Challenges Faced

Difficulty in maintaining separate records, compliance with multiple laws, and risk of disclosing sensitive information.

## 2 Overcoming Challenges

To adopt digital platforms, seek professional guidance, and provide feedback to MahaRERA for improvements.



# Conclusion

## Significant Step

The order is a significant step taken by MahaRERA to implement the provisions of the Act, the Rules, and the Regulations and to achieve the objectives of the Act.

## Positive Changes

Expected positive changes in the real estate sector by enhancing transparency, accountability, and protecting the interests of homebuyers/allottees.

# **Anti-Money Laundering, Countering the Financing of Terrorism and Combating Proliferation Financing Guidelines for Real Estate Agents, 2023**



# Legislative Context

## PMLA

The Prevention of Money Laundering Act, 2002, and the Prevention of Money Laundering Rules, 2005, which mandate reporting entities to comply with KYC, record keeping, and reporting requirements.

## UAPA

The Unlawful Activities Prevention Act, 1967, which prohibits providing funds or resources to banned entities or individuals involved in terrorism.

## WMDA

The Weapons of Mass Destruction Act, 2005, which prohibits dealings related to weapons of mass destruction and their delivery systems.

## FATF

The Financial Action Task Force, the global anti-crime watchdog, which provides recommendations and guidance for combating money laundering and terrorist financing.



# Applicability

## 1 Reporting Entities

Real estate agents with annual turnover of rupees twenty lakhs and above, who are classified as Designated Non-Financial Businesses and Professions under PMLA and FATF.

## 2 Non-Reporting Entities

All other real estate agents, who are still subject to UAPA and WMDA obligations, regardless of their turnover or registration status.





# Key Provisions for Reporting Entities under PMLA

## AML/CFT Program

Reporting entities must implement an Anti-Money Laundering and Combating Financing of Terrorism compliance program to detect and prevent financial crimes in the sector.

## Recruitment and Training

Reporting entities must have adequate screening and training mechanisms for their staff, especially for key positions and roles that carry higher risks.

## Policies and Procedures

Reporting entities must document and review their internal policies and procedures covering transaction monitoring, risk assessment, due diligence, and reporting.



## **Designated Director and Principal Officer**

Reporting entities must appoint a Designated Director and a Principal Officer to ensure overall compliance and to furnish information to FIU-IND

### **KYC and CDD:**

Reporting entities must follow customer identification procedures at various stages of the relationship, and conduct due diligence based on the risk profile of the clients

### **Beneficial Owners:**

Reporting entities must obtain sufficient information to identify the natural person(s) who ultimately own, control, or influence a client and/or transactions

### **Enhanced Due Diligence:**

Reporting entities must apply additional measures for higher risk scenarios, such as Politically Exposed Persons, complex transactions, or new technologies





# Key Provisions for All Real Estate Agents under UAPA

## 1 UAPA Nodal Officer

The Additional Director General, DGA, CBIC, has been appointed as the UAPA Nodal Officer to forward the updated lists of banned entities and individuals to all real estate agents.

## 2 Obligations of Real Estate Agents

All real estate agents must check the designated lists daily, not enter into transactions with banned entities or individuals, and report matches and suspicious transactions to FIU-IND and the Nodal Officer.

## 3 Powers under Section 51A

The Central Government can freeze, seize, or attach funds or assets of persons engaged in terrorism, and prohibit making funds or assets available for their benefit.





# Key Provisions for All Real Estate Agents under WMDA

## WMDA Nodal Officer

- 1 The Additional Director General, DGA, CBIC, has also been appointed as the WMDA Nodal Officer to implement Section 12A of the WMDA.

## Obligations of Real Estate Agents

- 2 All real estate agents must comply with the Order dated 30th January 2023, which prescribes procedures for implementing Section 12A of the WMDA.

## Powers under Section 12A

- 3 The Central Government can freeze, seize, or attach funds or assets of persons engaged in proliferation activities related to WMDs and their delivery systems, and prohibit making funds or assets available for their benefit.

# Key Provisions for Non-Reporting Entities under UAPA and WMDA

## 1 Obligations of Non-Reporting Entities

All non-reporting entities must comply with the provisions of UAPA and WMDA, such as checking the designated lists, reporting matches and suspicious transactions, and cooperating with the authorities.

## 2 Penalties for Non-Compliance

Non-reporting entities may be subject to monetary penalties, legal action, or reputational damage for non-compliance with UAPA, WMDA, or other applicable laws and regulations.





# Risk Assessment and Mitigation

## Risk-Based Approach

Reporting entities must adopt a risk-based approach to identify, assess, and mitigate the money laundering, terrorist financing, and proliferation financing risks in their operations.

## Risk Factors

Reporting entities must consider various risk factors, such as the nature of the client, the type of transaction, the geographic location, the delivery channels, and the products and services offered.

## Risk Mitigation Measures

Reporting entities must implement appropriate risk mitigation measures, such as enhanced due diligence, transaction monitoring, and internal controls, based on the level of risk identified.

# Transaction Monitoring and Reporting

## Reporting Obligations

Reporting entities must report any cash transactions above rupees ten lakhs, any suspicious transactions, and any transactions involving banned entities or individuals to FIU-IND within the prescribed timelines.

1

## Transaction Monitoring

Reporting entities must monitor their transactions and client activities to detect any suspicious or unusual patterns or behaviors that may indicate money laundering, terrorist financing, or proliferation financing risks.

2

3

## Confidentiality and Whistleblowing

Reporting entities must maintain confidentiality of the reporting process and protect the identity of the whistleblower, and must not discriminate or retaliate against any employee who reports a suspicious transaction.



# Technology and Innovation

## Emerging Technologies

Reporting entities must be aware of the emerging technologies and their potential impact on the money laundering, terrorist financing, and proliferation financing risks in the real estate sector, and must adopt appropriate measures to mitigate such risks.

## Digital KYC

Reporting entities may use digital KYC mechanisms, subject to the guidelines issued by the authorities, to enhance the customer experience and reduce the compliance costs.

## Regtech Solutions

Reporting entities may use regtech solutions, such as artificial intelligence, machine learning, and blockchain, to improve their compliance processes and reduce the risks of financial crimes.

# International Cooperation and Sanctions

## International Cooperation

Reporting entities must cooperate with the international authorities and other reporting entities to combat the cross-border money laundering, terrorist financing, and proliferation financing risks in the real estate sector.

## Sanctions Compliance

Reporting entities must comply with the sanctions regimes imposed by the United Nations, the European Union, and other countries, and must screen their clients and transactions against the designated lists.



# Enforcement and Penalties

**1**

## **Enforcement Mechanisms**

The authorities may conduct inspections, audits, or investigations to ensure compliance with the guidelines, and may impose penalties, such as monetary fines, suspension or cancellation of registration, or criminal prosecution, for non-compliance.

**2**

## **Appeal Mechanisms**

Reporting entities may appeal against the penalties imposed by the authorities, subject to the prescribed procedures and timelines.



# Case Studies and Best Practices

## 1 Case Studies

Reporting entities may learn from the case studies and typologies of money laundering, terrorist financing, and proliferation financing risks in the real estate sector, and adopt best practices to mitigate such risks.

## 2 Best Practices

Reporting entities may follow the best practices and norms issued by the authorities, such as the FATF Recommendations, the RBI Guidelines, and the DGA Circulars, to enhance their compliance culture and reduce the risks of financial crimes.

# Conclusion

## Summary

The guidelines aim to fortify the regulatory framework for real estate agents to combat money laundering and terror financing risks, by consolidating the applicable laws, regulations, and standards, and by instituting risk-based monitoring protocols, stringent due diligence and reporting standards, and escalated penalties for non-compliance.

## Implications

The guidelines place greater onus on real estate agents to implement robust surveillance measures through proper client verification, transaction tracking, and internal control systems, to mitigate misuse of the sector for illegitimate purposes.

## Recommendations

Real estate agents should familiarize themselves with the key provisions and obligations of the guidelines, and adopt best practices and norms to ensure compliance and transparency in their transactions.



**Thank You!**

 **CA Mayank Saraf**