



STANDARD OPERATING PROCEDURES

LICENSING, MONITORING, AND SUPERVISING OF REAL ESTATE AGENTS FOR
ANTI-MONEY LAUNDERING AND COUNTERING OF FINANCING OF TERRORISM

2025

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DEPARTMENT OF INDUSTRY
MINISTRY OF INDUSTRY, COMMERCE AND EMPLOYMENT
ROYAL GOVERNMENT OF BHUTAN

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Background

In Bhutan, Money Laundering (ML) and Terrorism Financing (TF) continue to pose significant risks that could adversely impact the country's reputation and investment climate, potentially leading to economic and social consequences. As a member of the Asia Pacific Group on Money Laundering, Bhutan is required to adhere to the Financial Action Task Force's (FATF) 40 recommendations to establish an effective Anti-Money Laundering and Countering of Financing of Terrorism (AML/CFT) system.

According to the FATF, the real estate is categorized as one of the Designated Non-Financial Businesses and Professions (DNFBPs). Recommendation 28 of the FATF specifically requires member countries to monitor and supervise their DNFBPs to ensure the implementation of effective AML/CFT practices. According to the Anti-Money Laundering and Countering of Financing of Terrorism Act of Bhutan 2018, the Ministry of Industry, Commerce and Employment (MoICE) is designated as the supervisor responsible for overseeing the real estate agents. It is to ensure that the real estate agents comply with the obligations/the preventive measures outlined in the AML/CFT Act to effectively manage their money laundering and terrorist financing risks.

Therefore, in pursuant to Sections 39 (2) and 41 (1) of the AML/CFT Act 2018, the MoICE having designated the Department of Industry as the supervisor responsible for licensing, monitoring and overseeing real estate agents for effective AML/CFT compliance. Accordingly, these Standard Operating Procedures (SOP) have been adopted.

Title

1. These are the Standard Operating Procedures for Licensing, Monitoring and Supervising of Real Estate Agents for Anti-Money Laundering and Countering of Financing of Terrorism 2025

Commencement

2. These procedures come into force from 28th January, 2025

Application

3. These procedures apply to:

- (1) Regional Offices of Industry, Commerce and Employment (RoICE);
- (2) Department of Industry (DoI); and
- (3) Licensed real estate agents classified as per the Section L and Division 68 of Bhutan Standard Industrial Classification 2020.

Objective

4. These SOP will be used for licensing, monitoring and supervising the real estate agents to ensure effective compliance with AML/CFT obligations stipulated in the '*AML/CFT Guidelines for DNFBP's 2023*' issued by the Royal Monetary Authority (RMA) of Bhutan.

Scope

These SOP shall apply to the supervisors of real estate agents:

1. The RoICE shall issue cottage and small scale real estate agent licenses and the DoI shall issue medium and large scale real estate agent licenses.
2. The RoICE shall monitor and supervise all four scales of real estate agents and the DoI shall monitor and supervise medium and large scale real estate agents.
3. The RoICE and the DoI may issue directions and guidelines for the supervision of real estate agents.

Reporting Entity

All the licensed real estate agents classified as follows shall be the reporting entities:

1. Real estate activities with own or leased property which involves buying, selling, renting, leasing or managing of properties owned by real estate agents themselves.
2. Real estate activities on a fee or contract basis which acts as intermediaries or service

providers for property owners, buyers and tenants.

Licensing and Monitoring Procedures

1. The RoICE shall issue cottage and small scale real estate agent licenses and the DoI shall issue medium and large scale real estate agent licenses;
2. The RoICE and the DoI shall issue the licenses on the condition that the real estate agents comply with 'AML/CFT Guideline for DNFBPs 2023' and amendment thereof and any other relevant regulations and laws prescribed by the RMA and the Royal Government of Bhutan;
3. The RoICE and the DoI shall monitor and evaluate the real estate agents to check compliance with 'AML/CFT Guideline for DNFBPs 2023' and amendment thereof and any other relevant regulations and laws;
4. The RoICE and the DoI shall submit the monitoring report to Financial Intelligence Department (FID) of RMA; and
5. The frequency and scope of monitoring shall depend on the level of money laundering and terrorist financing risks the real estate agents present.

Responsibilities of the Supervisor

1. The RoICE and the DoI shall ensure that real estate agents comply with national and international AML/CFT laws and standards;
2. The RoICE and the DoI shall include the condition *“The business shall comply with 'AML/CFT Guidelines for DNFBPs 2023' and amendment thereof. Non-compliance to the guideline will result in imposition of fines and penalties or suspension/cancellation/invalidation of the license as per the relevant rules and regulations”* under the Terms and Conditions in the license and approval letter;
3. The RoICE and the DoI shall maintain the list of new real estate agent license and notify the FID of RMA;

4. The RoICE and the DoI shall ensure that real estate agents receive the required sensitization and training from FID to assist in fulfilling AML/CFT obligations;
5. The RoICE and the DoI shall issue directions and guidelines to the real estate agents to ensure effective compliance with AML/CFT obligations; and
6. The RoICE and DoI shall impose fines and penalties to the real estate agents or suspend/cancel/invalidate their licenses as per the relevant rules and laws in the event of non-compliance to AML/CFT obligations.

Amendment and Interpretation

The DoI reserves the right to amend the SOP, and the interpretation of the Department shall be final and binding in the case of a difference in interpretation of these SOP.