Guidance for Real Estate Agents and Letting Agents (REAs), High Value Goods Dealers (HVGDs) and Art Market Participants (AMPs):

- **Terrorist Financing:**
- **Conflict Zones and High-Risk Jurisdictions**

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This Guidance Note supplements, and should be read together with, the OFT's AML/CFT/CPF Guidance for REAs and the OFT's AML/CFT/CPF Guidance for HVGDs. This Note is for guidance only and does not constitute legal advice. Persons unsure of their obligations should take independent legal advice. The Proceeds of Crime Act 2015 (POCA), the Terrorism Act 2018 and the Sanctions Act 2019 remain the definitive statement of the law. The OFT accepts no liability for any error or omission in this Note or for any reliance placed on it.

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Office of Fair Trading • HM Government of Gibraltar • Suite 932, Europort • Gibraltar GX11 1AA
t (+350) 20071700 **e** oft@gibraltar.gov.gi **w** oft.gov.gi

1. About this guidance

1.1 Why is the OFT issuing this Note?

The OFT is the supervisory authority under POCA for REAs, HVGDs and AMPs. This Note sets out the terrorist financing (TF) risks specific to these sectors. It focuses on transactions and business relationships linked to conflict zones and other high-risk jurisdictions, and on how such misuse may be detected.

1.2 Who does this Note apply to?

It applies to:

1. real estate agents and letting agents, as defined in sections 1.3 and 1.4 of the OFT REA Guidance;
2. HVGDs, including potential HVGDs and dealers in precious metals and stones, motor vehicles and marine craft, as defined in the OFT HVGD Guidance;
3. AMPs and dealers in art, artefacts and antiquities;

and to their directors, managers, partners, MLROs and employees.

1.3 What does this Note change?

It does not create new legal obligations. It explains how existing obligations (business risk assessment, customer due diligence (CDD), enhanced due diligence (EDD), targeted financial sanctions (TFS) screening, ongoing monitoring and reporting) apply to TF. The OFT expects firms to reflect this Note in their business risk assessments, policies and staff training.

1.4 National Risk Assessment.

The National Risk Assessment 2025 (NRA) is the starting point for assessing TF risk. Firms must take it into account when assessing their own risk and when carrying out CDD (see 1.10 of the OFT REA Guidance).

2. Terrorist financing and the risk to OFT-supervised sectors

2.1 What is terrorist financing?

TF is the use, provision, acquisition, possession, concealment, conversion or transfer of funds or other assets for the purposes of terrorism (s.1ZA POCA; see also the Terrorism Act 2018). Unlike money laundering, the funds may come from legitimate sources. The amounts are often small.

2.2 How does TF risk arise in Gibraltar?

The NRA records no confirmed TF incidents in Gibraltar, but says the absence of known cases does not mean the risk is low. Gibraltar's main TF exposure comes from cross-border business, through:

1. flow-through: funds passing through Gibraltar for use in terrorism elsewhere;
2. service provision: Gibraltar businesses providing services to parties who support terrorism abroad;
3. complex structures that hide a beneficial owner who is involved in TF or is a designated person; and
4. abuse of non-profit organisations (NPOs).

2.3 Why does this matter to REAs, HVGDs and AMPs?

The NRA rates these sectors' TF risk as low. That rating relies on firms continuing to apply effective controls. Each sector holds assets that terrorist financiers value:

- **Real estate** can produce rental income, store value and be sold to raise funds quickly. About 0.1% of payments to REAs come from higher-risk countries.
- **Precious metals and stones** are easy to move, store and convert, and gold is commonly used in conflict zones.
- **Art, artefacts and antiquities** from conflict zones have been looted and sold to fund terrorist groups.

2.4 Detection is difficult.

Terrorist financiers may be unknown to the authorities and may not appear on any sanctions list. They can often give credible explanations and pass standard CDD. Firms must therefore understand the typologies and red flags in sections 5 to 7, and look for combinations of indicators rather than relying on screening alone.

3. Conflict zones and high-risk jurisdictions

3.1 Conflict zones.

For the purposes of this Note, the OFT adopts the criteria and list of conflict zones set out in the NRA. A conflict zone is a jurisdiction or region that:

1. is unstable, at war or subject to armed hostility, or where terrorist organisations are active;
2. has known links to terrorist organisations, or borders territory they control;
3. is a known source of funds or other assets for terrorist acts or organisations, wherever those acts take place; or
4. is a transit point for, or has had money flows to or from, foreign terrorist fighters.

The NRA list is reproduced in Schedule 1. Regions bordering a conflict zone should also be treated as higher risk, because TF facilitators often operate from neighbouring jurisdictions.

3.2 High-risk jurisdictions.

Firms must treat as high risk any jurisdiction that is:

1. subject to a FATF call for action (the FATF "black list");
2. under FATF increased monitoring (the FATF "grey list");
3. on the UK list of high-risk third countries;
4. on the EU list of high-risk third countries; or
5. subject to a UN sanctions regime.

These lists change regularly, usually after each FATF plenary in February, June and October. Firms must check the current lists at the links in section 10, not rely on a copy. The FATF lists as at 30 October 2026 are in Schedule 1 for reference only.

3.3 Other jurisdictional factors.

Firms should also consider jurisdictions with close geographic or economic links to Gibraltar, and the TF threat there, as discussed in the GFIU Counter Terrorist Financing Guidance Notes. A jurisdiction not on any list may still present TF risk, for example a known transit route to a conflict zone.

3.4 What counts as a link?

A customer, beneficial owner, counterparty or transaction is linked to a conflict zone or high-risk jurisdiction where, for example:

- the customer or beneficial owner is a national or resident of it, or is incorporated or operates there;
- funds come from, or are sent to, an account or person there;

- goods are to be shipped to or through it; or
- the property, goods or artwork originates from it.

4. What REAs, HVGDs and AMPs must do

4.1 Business risk assessment (s.25A POCA).

Your business risk assessment must cover TF separately from money laundering. It should record:

1. your exposure to conflict zones and high-risk jurisdictions, by customer, funds, goods and property location;
2. the products or services you offer that are most attractive for TF (see sections 5 to 7); and
3. the controls you apply and how you have tested them.

If you have no exposure, say so and explain how you know. Review the assessment at least annually and after each FATF plenary.

4.2 Customer due diligence.

At onboarding, establish the nationality, residence and place of business of the customer and any beneficial owner, and the jurisdiction the funds come from. Do this for every party you act for or deal with, including buyers, sellers, landlords and tenants.

4.3 Enhanced due diligence (s.17 POCA).

Apply EDD where the customer, beneficial owner or transaction is linked to a high-risk jurisdiction (see 3.4). Treat a link to a conflict zone as a higher-risk factor requiring EDD. EDD should include:

- evidence of source of funds and source of wealth, traced back to the originating account;
- the purpose of the transaction and why it involves that jurisdiction;
- senior management approval before proceeding; and
- enhanced ongoing monitoring for the life of the relationship.

Record your reasoning. If the explanation is not credible, do not proceed and consider a report (section 8).

4.4 Targeted financial sanctions screening (Sanctions Act 2019).

Screen every customer, beneficial owner and counterparty against the UN, UK and EU sanctions lists, including terrorism designations:

1. before entering a business relationship or carrying out a transaction;
2. whenever the sanctions lists change; and
3. before releasing funds or goods.

Screening is not risk-based: it applies to all customers. Keep a record of each check, its date and the result. On a match, freeze the assets without delay, do not deal with them, and report to the GFIU (see section 8 of the OFT REA and HVGD Guidance).

4.5 Ongoing monitoring (s.12 POCA).

Monitor for changes that create a new link to a conflict zone or high-risk jurisdiction. Examples are a change of payer, a new overseas address, or a request to send sale proceeds or goods abroad.

4.6 Training (s.27 POCA).

Staff who deal with customers must be trained on this Note, including the red flags in sections 5 to 7 and how to escalate a concern to the MLRO.

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5. Real estate and letting agents: TF risks and red flags

5.1 How real estate may be misused for TF.

The GFIU's 2025 Real Estate Typology Report covers money laundering methods. Several of them can also be used for TF:

1. **Raising funds:** a property is sold quickly, often below market value, to raise cash before the seller travels to a conflict zone.
2. **Generating income:** rental income from a Gibraltar or Spanish property is sent to persons in, or linked to, a conflict zone.
3. **Storing and moving value:** property is bought with funds from a conflict zone or high-risk jurisdiction and later sold, with proceeds sent elsewhere.
4. **Concealing designated persons:** a company, trust or nominee holds property for a designated person or a terrorist organisation.
5. **Abuse of NPOs:** a charity or other NPO buys or rents property with no clear link to its stated purpose, or acts as a front for a third party.
6. **Logistical support:** short-term or informal lettings provide accommodation to people engaged in terrorism.

5.2 Red flags.

One indicator alone may not be suspicious. Several together should be escalated to the MLRO.

- Deposit, purchase price or rent is paid from, or by a third party in, a conflict zone or high-risk jurisdiction.
- The customer wants sale proceeds or rent paid to an account in a conflict zone, a neighbouring country, or to an unrelated third party.
- The customer sells a property urgently, accepts a low price, and mentions plans to travel to or near a conflict zone.
- Rent is paid in advance for a long period, in cash or by several unconnected people.
- The tenant or occupier is not the person who signed the tenancy, or several unrelated people occupy a short-term let.
- An NPO or newly formed company buys or rents property with no apparent need, or its funding comes from overseas donors that cannot be identified.
- The ownership structure involves a jurisdiction listed in Schedule 1 and has no clear commercial reason.
- The customer, a beneficial owner or a counterparty is a close match to a sanctions-list entry, or refuses to provide details that would allow screening.
- The customer shows interest in extremist material or causes, or makes statements supporting terrorism.

5.3 Overseas property.

Where you act on property outside Gibraltar, apply the same controls. Funds for overseas property often pass through several jurisdictions, which increases the risk.

6. High value goods dealers: TF risks and red flags

6.1 Scope.

This section applies to HVGDs and potential HVGDs. It also applies to dealers who have a policy of not accepting cash of €10,000 or more. A no-cash policy reduces money laundering risk, but TF can involve smaller sums and non-cash

payments. The TFS obligations in 4.4 apply to all dealers regardless of payment method.

6.2 Precious metals, stones and jewellery.

Gold and diamonds hold value, are easy to carry and can be converted into cash in most countries. The GFIU Counter Terrorist Financing Guidance describes gold carried by couriers and used by hawala brokers to move funds out of conflict areas, and diamonds bought from armed groups and smuggled for a terrorist organisation. Red flags:

- a customer buys gold, loose stones or high-value watches with no interest in design or price, especially before travel;
- a customer sells jewellery or gold for cash and mentions travel to or near a conflict zone;
- items are bought in several smaller transactions, possibly by different people acting together;
- payment comes from, or goods are to be delivered to, a conflict zone or high-risk jurisdiction;
- a supplier offers gold or stones with incomplete or inconsistent origin documents, or from a conflict-affected source.

7. Art market participants and art and antiquities dealers: TF risks and red flags

7.1 Why art and antiquities are at risk.

Terrorist groups have financed themselves by looting and selling cultural property from areas they control, particularly in Iraq and Syria. Objects can pass through several dealers and jurisdictions before reaching a legitimate market. UN Security Council resolutions prohibit trade in cultural property illegally removed from Iraq and Syria.

7.2 Higher-risk items.

Treat as higher risk any antiquity, artefact, manuscript or coin that originates from, or has passed through, a conflict zone in Schedule 1. This applies especially to items from Iraq, Syria, Libya, Yemen, Afghanistan and the Sahel region.

7.3 Red flags.

- Provenance is missing, vague, recently created, or starts only after the conflict began.
- There is no valid export licence from the country of origin, or the documents appear altered.
- The seller cannot explain how they acquired the item, or the item is offered well below market value.
- The item has passed through several jurisdictions, free ports or dealers in a short time.
- Payment is made by, or to, a third party or an account in a conflict zone or neighbouring jurisdiction.
- The buyer or seller acts through an intermediary and will not disclose the beneficial owner.

7.4 What to do.

Before buying or selling a higher-risk item, obtain and check provenance and export documents, and record what you checked. Check stolen-art databases where available. Apply the additional record-keeping requirements for art and antiques in the OFT HVGD Guidance. If you cannot establish lawful origin, do not proceed and consider a report (section 8).

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8. Reporting to the GFIU

8.1 When to report.

Staff must report internally to the MLRO as soon as they know or suspect, or have reasonable grounds to suspect, TF. The MLRO must then decide whether to submit a suspicious activity report (SAR) to the GFIU. In the regulated sector, failing to report where there are reasonable grounds to suspect is an offence under the Terrorism Act 2018. You do not need to know what the terrorist purpose is, or prove it.

8.2 How to report.

Submit SARs through the GFIU's Themis portal. The MLRO and any deputy must be registered on Themis. Select TF as the suspected activity where relevant. If you need to proceed with a transaction you have reported, request a defence against terrorist financing through the Consent tab in Themis, and do not proceed until you receive express consent.

8.3 Sanctions matches.

A positive or possible TFS match must be frozen and reported to the GFIU without delay (see 4.4). A sanctions report does not replace a SAR: where there is also suspicion of TF, submit both.

8.4 Tipping off.

Do not tell the customer, or anyone else, that a report has been or may be made. Tipping off is an offence.

8.5 Record keeping.

Keep a record of every internal report, the MLRO's decision and the reasons, whether or not a SAR is submitted. The OFT will review these records during inspections.

9. Common supervisory findings and OFT expectations

9.1 Findings.

OFT inspections and thematic reviews of these sectors have not identified TF activity. They have identified two recurring weaknesses in the past:

1. **Limited knowledge of TF risk.** Staff and MLROs could not explain how their business might be misused for TF, and business risk assessments did not address TF separately.
2. **Missing or unevidenced sanctions checks.** Customers, beneficial owners or counterparties were not screened, or screening was not repeated when the lists changed, or no record was kept.

9.2 What the OFT expects.

Every REA, HVGD and AMP should:

- ☐ update its business risk assessment to cover TF and its exposure to the jurisdictions in section 3;
- ☐ train all customer-facing staff and the MLRO on this Note, and keep a training record;
- ☐ screen all existing customers and beneficial owners against the current UN, UK and EU sanctions lists, and record the result;
- ☐ put in place a process to re-screen whenever the lists change; and
- ☐ add the red flags in sections 5 to 7 to its internal procedures.

9.3 How the OFT will check.

The OFT will test these points in onsite inspections. Failure to meet them may lead to enforcement action under the OFT's powers.

10. Further reading and useful contacts

10.1 Gibraltar guidance

- GFIU Counter Terrorist Financing Guidance Notes
- GFIU Typology Report: Real Estate Sector
- OFT AML/CFT/CPF Guidance for REAs
- OFT AML/CFT/CPF Guidance for HVGDs
- Gibraltar National Risk Assessment

10.2 High-risk jurisdiction and sanctions lists

- FATF Jurisdictions under Increased Monitoring
- FATF High-Risk Jurisdictions subject to a Call for Action
- UK list of high-risk third countries
- EU list of high-risk third countries
- UK Sanctions List
- UN Security Council Consolidated List
- EU consolidated list of financial sanctions

10.3 International typologies

- FATF, Guidance for a Risk-Based Approach: Real Estate Sector (2022)
- FATF, Money Laundering and Terrorist Financing in the Art and Antiquities Market (2023)
- FATF, Financing of the Terrorist Organisation Islamic State in Iraq and the Levant (2015)

10.4 Contacts

Office of Fair Trading: Suite 932, Europort, Gibraltar GX11 1AA. Telephone (+350) 20071700. Email aml.oft@gibraltar.gov.gi

Gibraltar Financial Intelligence Unit: Suite 832, Europort, Gibraltar. Telephone (+350) 20070211. Email gfiu@gcid.gov.gi

Schedule 1: Conflict zones and FATF-listed jurisdictions

Conflict zones are as listed in the NRA 2025. FATF status is as at 30 October 2026 and changes after each plenary; always check the current FATF, UK and EU lists (section 10.2) before relying on this table.

Jurisdiction	NRA conflict zone	FATF status (30 Oct 2026)
Afghanistan	Yes	–
Angola	–	Increased monitoring
Belarus	Yes	–
Bolivia	–	Increased monitoring
Bosnia and Herzegovina	–	Increased monitoring
Burkina Faso	Yes	–
Burundi	Yes	–
Cameroon	Yes	Increased monitoring
Central African Republic	Yes	–
Chad	Yes	–
China	Yes	–
Congo, Democratic Republic of the	Yes	–
Congo, Republic of the	Yes	–
Egypt	Yes	–
Ethiopia	Yes	–
Gambia	Yes	–
Guinea	Yes	–
Haiti	Yes	Increased monitoring
Iran	Yes	Call for action
Iraq	Yes	Increased monitoring
Israel	Yes	–
Kenya	–	Increased monitoring
Korea, Democratic People's Republic of (North Korea)	Yes	Call for action
Kuwait	–	Increased monitoring
Lao PDR	–	Increased monitoring
Lebanon	Yes	Increased monitoring
Libya	Yes	–
Mali	Yes	–
Mauritania	Yes	–
Mexico	Yes	–
Myanmar	Yes	Call for action
Nepal	–	Increased monitoring
Niger	Yes	–

Nigeria	Yes	–
Pakistan	Yes	–
Palestine	Yes	–
Papua New Guinea	–	Increased monitoring
Russia	Yes	–
Sahel region	Yes	–
Senegal	Yes	–
Somalia	Yes	–
South Sudan	Yes	Increased monitoring
Sudan	Yes	–
Syria	Yes	Increased monitoring
Türkiye	Yes	–
Uganda	Yes	–
Ukraine	Yes	–
Venezuela	Yes	Increased monitoring
Vietnam	–	Increased monitoring
Virgin Islands (UK)	–	Increased monitoring
Yemen	Yes	Increased monitoring