
29 JULY 2021

RAISING PROFESSIONALISM OF THE REAL ESTATE AGENCY INDUSTRY THROUGH AMENDMENTS TO THE ESTATE AGENTS ACT

1. The Estate Agents (Amendment) Act 2020¹ will come into force on 30 July 2021.
2. The Estate Agents Act was enacted in 2010, when the Council for Estate Agencies (CEA) was established, to raise the professionalism of the real estate agency industry, and to better protect consumer interests when they engage the services of property agents and agencies to facilitate their property transactions. The Act sets out, among others, the licensing and regulatory regime for property agencies and agents.

Amendments to benefit the real estate agency industry and consumers

3. The amendments to the Estate Agents Act aim to:
 - a. Better deter errant property agents and agencies from committing disciplinary breaches, so as to further raise industry professionalism and consumer confidence in the services of property agents and agencies.
 - b. Update the regulatory framework to keep abreast of technology advancements.
 - c. Align levers against money laundering and terrorism financing to meet international standards.

Changes to CEA's disciplinary and enforcement regime to better deter errant property agents and agencies

4. The majority of property agents and agencies consistently uphold high professional standards, but the conduct of the errant minority erodes consumer confidence in the industry. Both CEA and the industry are mindful that such errant behaviour negates the ongoing efforts to enhance professionalism and ethical standards. There is hence a need to send a stronger deterrence signal to the industry to prevent misconduct.

¹ Parliament passed the Estate Agents (Amendment) Bill on 5 May 2020.

5. With the operationalisation of the Amendment Act from 30 July 2021, CEA will roll out the following changes to its disciplinary and enforcement regime:

CEA Disciplinary Committee (DC)² hearings for serious disciplinary breaches

- a. Under the Amendment Act, the maximum financial penalties imposed by the DC will increase from \$75,000 to \$200,000 per case for property agencies and to \$100,000 per case for property agents. The higher financial penalties will apply to cases referred to the DC on or after 30 July 2021.

Letter of Censure (LOC) disciplinary regime for minor disciplinary breaches³

- b. CEA will implement a new LOC disciplinary regime which will apply to complaints or information received by CEA on or after 30 July 2021. Under this LOC disciplinary regime, CEA can issue a LOC and impose financial penalties of up to \$5,000 per case on errant property agents and agencies for minor disciplinary breaches. CEA will also publish the penalties in the errant party's disciplinary records in the CEA Public Register.

Enhanced investigation and inspection powers

- c. CEA will be able to require attendance by any person before a CEA inspector to give statements and furnish documents and electronic devices that can be inspected, copied or extracted for the investigation of disciplinary breaches.
- d. CEA will be able to conduct document inspections of property agencies electronically and at premises under CEA's control, other than the agencies' offices.

6. The industry and CEA are aligned in our goal to act against the minority group of errant property agents and agencies. With these changes, we aim to increase the deterrent effect on errant property agents and agencies. Greater deterrence will safeguard the professional image of the industry where the majority of them discharge their duties diligently and responsibly. This in turn safeguards the interest of consumers, and enables consumers to have greater confidence that property agents and agencies are committed to act professionally and ethically in their clients' interests.

7. CEA has also prepared a guide on the CEA Regulatory and Enforcement Framework which provides an overview of the key aspects of the regime, such as complaint management and enforcement actions taken against potential criminal

² The DC comprises members from CEA's Disciplinary Panel, who are appointed by CEA. The Panel is made up of legal practitioners, academics, industry representatives and other professionals. Each DC consists of at least 3 members.

³ Some examples of minor breaches include:

- a. The case has no or low financial loss or consequence to parties involved in the transaction.
- b. The case does not involve or has low wrongful gain on the part of the errant property agent or agency.
- c. There is no dishonesty, fraud or intention to mislead on the part of the property agent or agency.

offences or disciplinary breaches under the EAA and its subsidiary legislation; and CEA's sentencing approach in disciplinary and criminal proceedings. The guide will be available on CEA's website on 30 July 2021.

Updates to the regulatory framework to keep abreast of technology advancements

8. The operating landscape of the real estate agency industry has evolved significantly because of technology and digitalisation. The Amendment Act will enable CEA to improve the efficiency of its inspections and investigations, including the following changes:

- a. CEA can require any person to furnish electronic devices that can be inspected, copied or extracted for its investigations, apart from requiring the attendance of the person before a CEA inspector to give statements and furnish documents.
- b. CEA can conduct document inspections of property agencies electronically and at premises under CEA's control, other than the offices of the property agencies.
- c. CEA can also serve documents through electronic means. Documents include notices to property agencies to submit their agents' transaction records to CEA for publishing in the CEA Public Register or notices to property agents or agencies on CEA's intent to impose penalties under the LOC disciplinary regime.

Aligning levers against money laundering and terrorism financing

9. The real estate agency industry has been identified as an important gatekeeper to counter money laundering and terrorism financing which pose threats to the integrity of the international financial system.

10. CEA and the industry take a serious stand against these threats. As per the recommendation of the Financial Action Task Force (FATF)⁴, the duties of property agents and agencies on the prevention of money laundering and terrorism financing have been incorporated into the Amendment Act.

11. The detailed duties of a property agent and agency to conduct customer due diligence checks, report suspicious transactions to the Suspicious Transaction Reporting Office (STRO), and to keep records of relevant information and documents are outlined in the new Estate Agents (Prevention of Money Laundering and Financing of Terrorism) Regulations 2021 that will also come into force on 30 July 2021.

⁴ FATF is an inter-governmental body established to set standards and promote effective implementation of legal, regulatory and operational measures for combating money-laundering, terrorist financing and other related threats to the integrity of the international financial system. As a FATF member, Singapore has an obligation and is committed to implement its recommendations.

Conclusion

12. With the implementation of the Amendment Act, CEA will continue to work together with the industry to reduce errant practices, and foster a professional and trusted real estate agency industry.

About the Council for Estate Agencies

The Council for Estate Agencies (CEA) is a statutory board established in 2010 under the Estate Agents Act to regulate and promote the development of a professional and trusted real estate agency industry. The key responsibilities of CEA are to license property agencies and register property agents, promote the integrity and competence of property agencies and property agents, and equip consumers with the necessary knowledge to make informed decisions in property transactions involving property agents. For more information, please visit: www.cea.gov.sg.