

## ULTIMATE BENEFICIARY OWNER

### Cabinet Decision No. 58 of 2020



## ENTITY WITH REAL BENEFICIARY (Certain extracts)

The Cabinet of Ministers in the United Arab Emirates have issued Cabinet Decision No. 58 of 2020 on **24 August 2020** on the regulation of procedures related to Real Beneficiaries.

Complex ownership structures (eg: Company A is owned by Company B, Company B is owned by Company C and so on. All these entities may be in various jurisdictions as well) are in existence worldwide. In such cases, identification of the real beneficiaries of the Company is a challenging task and can be used as an opportunity for money laundering activities. One of the objectives behind the Regulation is developing effective and sustainable executive and regulatory mechanisms and procedures for the maintenance of data of the Real Beneficiary.

**Each entity** (legal person) shall take reasonable measures to **obtain appropriate, accurate and up-to-date data on the Real Beneficiary** and shall update the same on an ongoing basis. Entity which is owned by a company listed in a regulated market subject to the disclosure requirements imposing sufficient transparency requirements of the Real Beneficiary or a subsidiary company owned by the majority of such listed company, shall be excluded from the requirement of maintenance and retention of up-to-date data on the Real Beneficiary.

### Real Beneficiary determination criteria:

- the Real Beneficiary of the legal person shall be whoever owns or ultimately controls, the legal person/ entity, through **direct or indirect ownership of the shares at the rate of 25% or more**, of the capital of the legal person, or whoever has the right to vote therein at the rate of 25% or more, including retaining such ownership through a series of ownership or control through any other means, such as the right of appointment or dismissal of most of the Directors.
- If all possible means have been exhausted and no physical person was determined having final control /ownership, or in case of a doubt that the physical person who has final controlling ownership is the Real Beneficiary, the physical person who exercises control over the legal person through other means shall be the Real Beneficiary.
- If no such physical person is determined, the Real Beneficiary shall be the physical person who holds the position of the person in charge of Senior Management.
- The Real Beneficiary shall be tracked through any number of Legal Persons or arrangements of any kind.
- If more than one person participates in owning or controlling a share of the Legal Person's Capital, all of them shall be treated as owners and controllers of such share.

## Real Beneficiary Register

The legal person/ Entity **shall keep the details of data of each Real Beneficiary** in the Real Beneficiary Register created within (60) sixty days from the date of publication of this Decision or the date of its existence. It shall update such register and list any change occurring thereto within fifteen (15) days from the date of being aware thereof.

The Real Beneficiary Register shall include the data of each Real Beneficiary as follows:

- a) Full name, nationality, date and place of birth ;
- b) Place of residence or address to which notifications are sent under this Decision ;
- c) Passport number or ID card number, country and date of issuance thereof and expiry date ;
- d) The basis on which he became the Real Beneficiary of the legal person and the date of acquiring such capacity ;
- e) The date on which the person ceased to be the Real Beneficiary of the legal person.

## Effect of change of ownership in the Real Beneficiary Register

The legal person shall not register or enforce any document related to the change of ownership unless the transferee or his representative submits a statement mentioning whether the transfer will result into a change in the Real Beneficiary of the legal person and the nature of such change, and providing the data of the new Real Beneficiary and listing them in the register.

## Register of Partners or Shareholders

The legal person/ Entity shall keep the details of data of every partner or shareholder therein in the register of partners or shareholders and shall update such register and list any change occurring thereto within (15) fifteen days from the date of being aware thereof, provided that it includes the following data:

- a) Number of quotas or shares owned by each of them and the category thereof, as well as the voting rights associated thereto.
- b) Date of acquisition of capacity as partner or shareholder.
- c) For the partners or shareholders who are physical persons: Full name as stated in the ID card or Passport, nationality, address, place of birth, name and address of employer, along with a true copy of a valid ID card or Passport.
- d) For the partners or shareholders who are legal persons:
  - Name, legal form and Memorandum of Association.  
Address of the main office or main headquarters, and if the legal person is a foreigner, the name and address of its legal representative at the State shall be mentioned along with a proof thereof.
  - Articles of Association or any other similar documents approved by the Concerned Entity at the State.
  - Names of relevant persons who hold positions in Senior Management at the legal person, and whose data are registered based on the Passport or ID card and its number, date of issuance, expiry date and name of issuer.



Making the Data Available to the Registrar

‘Registrar’ is the entity liable for supervising the registrar of commercial names of different corporations and various types of establishments registered at the State, including the Licensing Authority.

- The legal person shall, within (60) sixty days from the date of publication of this Decision or from the date of licensing or registration of the legal person, **submit data of the Real Beneficiary Register and the register of partners or shareholders to the Registrar**, and shall take reasonable measures to preserve its records from damage, loss or destruction.
- Can any entity issue share guarantees to the holder:- No legal person licensed or registered in the State shall issue share guarantees to the holders thereof.
- Liquidator’s obligation:- If the legal person is in the stage of dissolution or liquidation, the liquidator shall hand over the Real Beneficiary Register and the register of partners or shareholders, if any, or a true copy thereof to the Registrar within (30) thirty days from the date of his appointment.

Retention of records

The legal person, the person in charge of its management, the liquidator or other persons concerned with the dissolution thereof, shall keep the registers and all data set forth in this Decision for a period of at least (5) five years from the date of dissolution, liquidation or removal.

Change on data-when to be reported

The legal person shall submit any amendment or change to the data or information under this Decision to the Registrar within (15) fifteen days from the date of such amendment or change.

Sanctions on violating the provision

The Minister or the Licensing Authority authorised by him shall, in case of a violation to the provisions of this Decision, impose one sanction or more from the list of administrative sanctions issued by a Cabinet Resolution based on the proposal of the Minister of Finance after coordination with the Minister.



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