

Cabinet Decision No. 58 of 2020

**ULTIMATE
BENEFICIAL
OWNER**



**United Arab Emirates
The Cabinet**

**Cabinet Decision No. (58) of 2020
Regulating the Beneficial Owner Procedures**

The Cabinet:

Pursuant to the perusal of the Constitution,

- Federal Law No. (1) of 1972 Concerning the Competencies of the Ministries and Powers of the Ministers and its amendments;
- Federal Law No. (5) of 1975 on the Commercial Register;
- Federal Law No. (2) of 2015 on Commercial Companies and its amendments;
- Federal Law No. (14) of 2016 concerning the Violations and Administrative Sanctions in the Federal Government;
- Federal Decree-Law No. (20) of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Financing of Illegal Organizations;
- Cabinet Decision No. (10) of 2019 on the Executive Regulations of Federal Decree-Law No. (20) of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Financing of Illegal Organizations;
- Cabinet Decision No. (34) of 2020 concerning Regulating the Beneficial Owner Procedures; and
- Upon the proposal of the Minister of Economy and the approval therefore of the Cabinet,

Has resolved:

**Article (1)
Definitions**

In application of the provisions of this Decision, the following terms and expressions shall have the meanings assigned against each, unless the context otherwise requires:

State:	The United Arab Emirates.
Minister:	The Minister of Economy.
ministry:	The Ministry of Economy.
Decree-Law:	The Federal Decree-Law No. (20) of 2018 on Anti-Money Laundering and Combating the

Financing of Terrorism and Financing of Illegal Organizations.

Executive Regulations:

The Cabinet Decision No. (10) of 2019 concerning the Executive Regulations of the Federal Decree-Law No. (20) of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Financing of Illegal Organizations.

Licensing Authority:

The Authority in charge of licensing or registration of the Legal Persons in the State.

Registrar:

The entity in charge of supervision of the commercial names register for different types of corporate entities registered in the State, which includes the Licensing Authority.

Relevant Entities:

The Governmental Entities in charge of implementation of any provisions of the Federal Decree-Law and the Executive Regulations.

Beneficial Owner:

The natural person who ultimately owns or controls the Legal Person, whether directly or through a chain of ownership or control or any other indirect means, and also the natural person on whose behalf the transactions are being conducted or who exercises ultimate control over a legal person, as defined in Article (5) hereof.

Nominee Board Member:

Any natural person who acts in accordance with the directives, instructions or wills of another person.

Higher Management:

The decision-making authority in the Legal Person.

Register of Beneficial Owner:

A Specific Register of the Beneficial Owners in the Legal Person, which includes all of their data.

Register of Partners or Shareholders:

A Specific Register of the Partners or Shareholders in the Legal Person, which includes all of their data.

Trustor:	A natural or legal person who transfers the management of his funds to a trustee by virtue of a deed.
Trustee:	A natural or legal person who enjoys the rights and authorities granted by the Trustor or the Trust Fund, to manage, use and dispense of the Trustor's funds in accordance with the conditions imposed on him by either of them.
Trust Fund:	A legal relationship in which the Trustor places the funds under control of the Trustee for the interest of a beneficiary or for a specific purpose, which funds shall be independent of the Trustor's properties, and the right in the Trustor's funds shall remain under the name of the Trustor or under the name of another person on behalf of the Trustor.

Article (2)
Objectives of the Decision

The Decision has for objective to:

1. Contribute to the development of business environment, capacities of the State and its economic position in accordance with the international requirements, by regulating the minimum obligations of the Registrar and Legal Persons in the State, including the licensing or registration procedures, regulating the Register of Beneficial Owner and the Register of Partners or Shareholders.
2. Develop effective and sustainable executive and regulatory mechanisms and procedures for the beneficial owner data.

Article (3)
Scope of Application

1. The provisions of this Decision shall apply to the Registrar and the licensed or registered Legal Persons in the State, including the Commercial Free Zones.
2. The provisions of this Decision shall not apply to the companies which are wholly owned by the Local or Federal Government, or any-other companies wholly-owned by such companies, and the Financial Free Zones.

Article (4)
Licensing or Registration of Legal Persons

1. The Legal Person shall be licensed or registered in the State and shall, while submitting its licensing or registration application, provide the Registrar with the following basic data:
 - a. Name, legal form and memorandum of association.
 - b. Head office address or the principal address of business and, in case of a foreign Legal Person, the name and address of its legal representative in the State, with a proof thereof.
 - c. Articles of Association or any-other similar documents approved by the Relevant Entity in the State.
 - d. Names of the relevant persons who are holding higher management positions in the Legal Person, providing their data from their passports or identity cards, including such documents' numbers, issuance and expiry dates and issuing entity.
2. The Legal Person may not be licensed or registered under a trade name that is previously registered in the State or in similar name to the extent that it may lead to confusion.
3. The Legal Person shall not use a name other than its registered name, and such name must be followed by the legal form of the Legal Person. The Legal Person may submit an application to the Registrar to change its trade name and in case of the approval, the legal person shall not use the cancelled name. All correspondence and documents of the Legal Person shall clearly state its trade name and address in the State.
4. The Legal Person shall have a clear, detailed and registered address in the State and to notify the Registrar thereof. Such address shall be used in all correspondence and notices to be served on the Legal Person.

Article (5)
Identification of the Beneficial Owner

1. For the purposes of implementing the provisions of this Decision, the Beneficial Owner of the Legal Person shall be whoever person that ultimately owns or controls, whether directly through a chain of ownership or control or by other means of control

such as the right to appoint or dismiss the majority of its Directors, 25% or more of the shares or 25% or more of the voting rights in the Legal Person.

2. The Beneficial Owner may be traced through any number of Legal Persons or arrangements of whatsoever kind.
3. If two or more natural persons jointly own or control a ratio of capital in the Legal Person, all of them shall be deemed as jointly owners or controllers of such ratio .
4. If, after all reasonable means have been taken, no natural person is identified as an ultimate Beneficial Owner in accordance with Clause (1) of this Article, or there is reasonable doubt that any natural person identified as an ultimate Beneficial Owner is the true Beneficial Owner in the Legal Person; then the natural person who controls the Legal Person by other means of control shall be deemed as the Beneficial Owner.
5. Where no natural person is identified in accordance with Clause (4) of this Article; then the natural person who holds the position of a higher management official shall be deemed as the Beneficial Owner.

Article (6)

Transparency and Beneficial Owner

1. The Legal Person shall take reasonable procedures to obtain and maintain adequate, accurate and up-to-date data in respect of the Beneficial Owner.
2. The provisions of Clause (1) of this Article shall not apply to the licensed or registered Legal Persons in the State that are owned by a company listed on a recognized stock exchange subject to disclosure requirements which ensure sufficient transparency on its beneficial owners or a company wholly-owned by such listed company.

Article (7)

Notices of Beneficial Owner

1. If the Legal Person believes that a person could be a Beneficial Owner whose ultimate beneficial ownership data are not correctly recorded in the Register of Beneficial Owner, the Legal Person shall inquire as to the person's status as a Beneficial Owner. If (15) fifteen days have lapsed without any response to such inquiry being received, the Legal Person shall give such person a notice thereof.
2. The notice referred to in Clause (1) of this Article shall:

- a. State that it is given by virtue of this Decision.
 - b. Set-out the Beneficial Owner's relevant data that the Legal Person reasonably knows or believes to be correct, with a request to provide the data that are missed and required to complete data of the Beneficial Owner's Register.
 - c. Request the addressee the following:
 - 1) State whether or not he is the Beneficial Owner of the Legal Person;
 - 2) Confirm or correct any data set-out in the notice;
 - 3) Supply any data that are missing.
3. If the addressee fails to comply with the notice within (15) fifteen days of dispatching the notice, the Legal Person shall enter the notified data in the Register of Beneficial Owner.
 4. For the purpose of identifying the Beneficial Owner, the Legal Person may rely on the written response of the person to whom a notice was given, unless the Legal Person has reasonable reasons to suspect that the response is misleading or false, where he shall register the beneficial ownership data of such person as a Beneficial Owner and notify him of the same.

Article (8)
Register of Beneficial Owner

1. The Legal Person shall keep and maintain the data of each Beneficial Owner in a register of beneficial Owner to be established within (60) sixty days from the date of promulgation of this Decision or the date on which the Legal Person comes into existence. The Legal Person shall update and record any changes to the data contained in the Register of Beneficial Owner within (15) fifteen days of becoming aware of such change.
2. The Register of Beneficial Owner shall include the following data in respect of each Beneficial Owner:
 - a. Full name, nationality, date and place of birth.
 - b. Residential address or the address which the notices shall be sent on it, by virtue of this Decision.
 - c. Number of passport or identity card, the country of issuance, date of issuance and expiry.
 - d. Basis and date on which the person became a Beneficial Owner of the Legal Person.
 - e. Date on which the person ceased to be a Beneficial Owner of the Legal Person.

3. If the Legal Person enters name of a natural person as a Beneficial Owner in its Register of the Beneficial Owner, information and data were not provided by such natural person or with his knowledge, the Legal Person shall, within (15) fifteen days of making such entry, notify the natural person of such inclusion.
4. Any concerned or interested person may make an application to the competent court to rectify the Register of Beneficial Owner, in the following cases:
 - a. Name of any person is, without sufficient cause, entered-into or omitted from the Register of Beneficial Owner.
 - b. A person's name is not entered into the Register of Beneficial Owner.
 - c. An undue delay takes place in entrance of the name of any person into the Register of Beneficial Owner, or omitting the name of any person who has ceased to be a beneficial owner from the Register of Beneficial Owner.
5. The Legal Person may not register or give effect to any document relating to a change in its ownership, unless a statement is provided by or on behalf of the transferee, which states whether the transfer will result in a change in the Beneficial Owner for the Legal Person, and the nature of such change or no. The said statement shall include the data of the new Beneficial Owner and to be entered into the Register.

Article (9)

Nominee Board Members

1. A manager or board member who acts as a Nominee Board Member shall inform the Legal Person that he is a nominee board member and provide all the data referred to in Article (10) hereof within (15) fifteen days of becoming a nominee board member. A nominee board member who acquired such capacity prior to the promulgation of this Decision shall inform the Legal Person of this fact within (30) thirty days of the promulgation date of this Decision.
2. A Nominee Board Member shall inform the Legal Person of any change to the data referred to in Article (10) hereof within (15) fifteen days of making such change.
3. A Nominee Board Member shall inform the Legal Person that he ceased to be a nominee Board Member within (15) fifteen days of such cessation.

Article (10)
Register of Partners or Shareholders

1. The Legal Person shall keep and maintain a Register of Partners or Shareholders, in which it includes the data in respect of each of its partners or shareholders. The Legal Person must update and record any change to the Register within (15) fifteen days of becoming aware of such change. The Register of Partners and Shareholders shall include:
 - a. Number of shares held by each of them along with their categories and associated voting rights.
 - b. Date on which such partner or shareholder acquire that capacity in the Legal Person.
 - c. In case of natural partners or shareholders: the full name as it appears on the identity card or the passport, nationality, address, place of birth, name and address of employer and a true copy of the valid passport or ID.
 - d. In case of corporate partners or shareholders: the data stated in Clause (1) of Article (4) hereof.
2. The Legal Person shall enter into the Register of Partners or Shareholders the data of any partner(s) or shareholder(s) acting as Trustor or Nominee Board Member.
3. The Register of Partners or Shareholders shall include the data of persons represented by any Trustee or Nominee Board Member, as specified in Clause (2) of Article (8) hereof.

Article (11)
Provision of Information to the Registrar

1. The Legal Person shall, within (60) sixty days of the promulgation date of this Decision or date of licensing or registration of the Legal Person, furnish the Registrar with the data contained in the Register of Beneficial Owner and Register of Partners or Shareholders and shall carry-out the reasonable procedures to protect its registers from loss, damage or destruction.
2. The Legal Person shall provide any additional information as may be required by the Registrar within the specified duration.
3. Subject to the legislation in force, the Legal Person shall furnish the Registrar with all data referred to in Clause (1) of Article (4) hereof, upon submitting the application

of incorporation, licensing, registration, renewal, amendment or any other procedures as the Registrar may deem proper to this effect.

4. The Legal Person shall provide the Registrar with the name of a natural person residing in the State and authorized to disclose to the Registrar all data and information required by the mentioned Federal Decree-Law or the Executive Regulations or this Decision, along with his address, contact numbers and a copy of his valid passport or ID.
5. The licensed or registered Legal Person in the State may not issue bearer share warrants.
6. The Legal Person shall, on the issuance of shares in the name of persons or board members, disclose to the Registrar the data in respect of such shares and the identity of such persons or board members within (15) fifteen days of such issuance.
7. If the Legal Person is in the process of dissolution or liquidation, the liquidator shall hand-over to the Registrar a copy of the Beneficial Owner Register and Register of Partners or Shareholders, if any, or a true copy thereof within (30) thirty days of his appointment.
8. The Legal Person, its managerial body, the liquidator or other person responsible for the dissolution affairs of the Legal Person shall keep, maintain the records and all data referred to herein for at least (5) five years after the date of dissolution, liquidation or de-registration.

Article (12)

Notices issued by the Registrar

1. For the registrar to be able to carry out his tasks, the Legal Person, or any other person who has data or documents related to the Beneficial Owners or the Nominee Board Members, shall abide – without prejudice to any privilege he might have – by the Registrar’s request to provide such data or documents, or disclose the same to his personnel or authorized agents. This is done by virtue of a written notice sent to either of them in the time and place specified in the notice.
2. The granted powers to the Registrar by virtue of Clause (1) of this Article shall include:
 - a. Take copies of the provided documents, according to circumstances as the Registrar deems fit.
 - b. Where the data or documents are not provided, to require the person who was required to provide them to state where they are, attend at such time and place

as may be required by the Registrar and answer any questions relating to any matters that require providing data.

3. Lawyers and other independent legal professionals and chartered auditors shall be exempted from providing such information required in the notice where such provision relates to their assessment of the legal status of the Legal Person or its defense or representation in legal action, arbitration, mediation or conciliation or the provision of any legal opinion in a matter related to judicial proceedings, including an advice on initiating or avoiding such proceedings, whether such data have been obtained prior to, during or after the taking of judicial proceedings or in other circumstances under which they are subject to professional confidentiality.

Article (13) **Obligations of the Registrar**

The Registrar shall abide by the following:

1. Prepare and issue the templates, notices and manuals related to the licensing or registration procedures, in such manner as may be required to achieve efficiency.
2. Provide adequate human resources that enable him to perform his functions in an effective manner.
3. Automate the information obtained by him, and classify the same in a manner that facilitates the reference thereto and exchange thereof with the Relevant Entities, upon request.
4. Furnish the required data concerning the National Economic Register within (6) six months of the date of promulgation of this Decision and any other information as may be required by the Ministry.
5. Furnish information on the Legal Persons in the State and make them available to public as follows:
 - a. Description of their types, forms and main characteristics.
 - b. Their licensing or registration procedures.
 - c. The procedures for obtaining the basic information stated in Clause (1) of Article (4) hereof.
 - d. The procedures for obtaining the Beneficial Owner data.
6. Keep and maintain the basic information stated in Clause (1) of Article (4) hereof, and ensure that they are accurate, up-to-date and available to public.

7. Obtain the Beneficial Owner data upon licensing or registering the Legal Person or the update thereof, and verify their accuracy.
8. Maintain all registers delivered to him under Clause (7) of Article (11) hereof for a period of (5) five years after the date of dissolution, liquidation or de-registration of the Legal Person.
9. Update the basic information stated in Clause (1) of Article (4) of this Decision and the data contained in the Register of Beneficial Owner and Register of Partners or Shareholders on constant basis, based on information provided by the Legal Person, and furnish or disclose the same to the Ministry upon Relevant Entity's request.

Article (14)
Change of Data

1. The Legal Person shall keep and maintain all basic information required by virtue of Article (8) of this Decision, and the data contained in the Register of Partners or Shareholders and the Register of Beneficial Owner, and any-other data or information may be required to be kept by virtue of the legislation in force, to be accurate and updated .
2. The Legal Person who makes an amendment or change in data or information required hereunder shall within (15) fifteen days of the date of making the amendment or change, notify the Registrar thereof.

Article (15)
Data Confidentiality

1. The Ministry and Registrar shall not disclose to any person the data contained in the Register of Beneficial Owner or the Register of Partners or Shareholders, without a written consent of the Beneficial Owner or the Nominee Board Member.
2. The provisions of Clause (1) above shall not apply to:
 - a. Disclosure obligations set forth herein.
 - b. Anything provided for by the international laws and conventions in force in the State, particularly the provisions of Anti-Money Laundering and Combating the Financing of Terrorism and Financing of Illegal Organizations.

Article (16)

Domestic and international cooperation

1. The Ministry shall, upon a request from the Relevant Entities, provide to the Relevant Entities the basic information required under Clause (1) of Article (4) hereof and the data contained in the Register of Beneficial Owner and Register of Partners or Shareholders.
2. The Ministry shall provide international cooperation in respect of the basic information on the Legal Person and the data contained in the Register of Beneficial Owner and Register of Partners or Shareholders. Such cooperation shall include:
 - a. Facilitate the access of foreign authorities to the basic information contained in the registers of the Legal Person.
 - b. Exchange data and information of the partners or shareholders of the Legal Person.
 - c. Exercise its powers to obtain all the beneficial owner data on behalf of its counterpart foreign entities.
3. The Ministry shall supervise the quality of implementation of international cooperation operations received by the other states in relation to the requests for basic information on the Legal Persons and the data in respect of the Beneficial Owner of the Legal Persons, and international cooperation requests on the whereabouts of the Beneficiary Owner abroad.

Article (17)

Administrative Sanctions

The Minister or any Licensing Authority delegated by him may, in case of contravention of the provisions hereof, impose one or more of the sanctions specified in the List of Administrative Sanctions issued by Cabinet Decision upon proposal of the Minister of Finance and after coordination with the Minister.

Article (18)

Grievance

Sanctions imposed under the provisions of Article (17) hereof may be appealed within (30) thirty days from the notification date, before a committee formed to this effect by decision of the Minister or the Head of the delegated Licensing Authority. The Committee shall decide on the appeal within (30) thirty days from its submission date.

Article (19)
Repeals

The Cabinet Decision No. (34) of 2020 concerning the Regulation of Beneficial Owner Procedures shall be repealed, and any provision that contradicts or is in conflict with this Decision shall be annulled.

Article (20)
Decision Promulgation and Entry into Force

This Decision shall be promulgated in the Official Gazette and shall come into force on the day following its Promulgation.

(Signed & stamped)

**The original was signed by HH Sheikh
Mohamed bin Rashid Al Maktoum
Prime Minister**

Issued by us:

Hijri Date : 05 Muharram 1441 Hijri

Gregorian Date : 24 August 2020

ONE STOP SOLUTION

for
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