



New Compliance Rules for Companies in the United Arab Emirates: Ultimate Beneficial Owners Register and Partners or Shareholders Register

On 28.08.2020, Cabinet Resolution No. 58 of 2020 ("Resolution") entered into force in the United Arab Emirates ("UAE"). It ties in with recent legislation on combating money laundering and financing of terrorism and illegal organisations. The Resolution requires immediate action as it sets out, amongst others, an obligation for most companies to disclose the identity of their ultimate beneficial owners by 26.10.2020.

1. Scope of Application

The Resolution stipulates new obligations for companies registered in mainland UAE or in a UAE free zone. However, companies located in the financial free zones Dubai International Financial Centre or Abu Dhabi Global Market and companies that are directly or indirectly wholly owned by the federal or a local government of the UAE are excluded from the scope of application.

2. Maintaining Registers

The new rules require companies to maintain certain registers.

a. Ultimate Beneficial Owners Register

Companies are required to establish an ultimate beneficial owners register. This register must set out information on each ultimate beneficial owner of a company. As per the Resolution, an ultimate beneficial owner is any natural person who owns, ultimately controls or has the right to vote over at least 25% shareholding of a company, whether directly or indirectly through a chain of ownership or control, such as the right to appoint or remove the majority of the managers of a company.

Where no such natural person is identified or where there is doubt as to whether the natural person exercising ultimate control is in fact the ultimate beneficial owner, the natural person who otherwise controls the company is considered as its ultimate beneficial owner. If no such individual has been identified, the ultimate beneficial owner is deemed to be the natural person holding the position of senior management official of the company.

Companies may have several ultimate beneficial owners.

b. Partners or Shareholders Register

Companies must also maintain a register of all partners or shareholders. Such register must, amongst others, include certain minimum information on the identity of the partners or shareholders as specified in the Resolution.

In addition, companies are required to maintain information on so-called nominal management members and to include such details in the partners or shareholders register. A nominal management member is any natural person acting as per the directives, instructions or will of another person. Each nominal

management member is obliged to disclose to the company its status as a nominal management member and to provide the company with all details as set out in the Resolution within 15 days from his or her appointment or within 30 days from the date of publication of the Resolution.

3. Updating Registers

The registers must be properly maintained and updated in the event of any change occurring as to the data kept therein within 15 days from the date of being aware of such change.

4. Filing Data

Companies are further obliged to file the data listed in the ultimate beneficial owners register and partners or shareholders register with the competent authority responsible for supervising the trade name register of the various types of establishments, including the licensing authority ("Registrar").

5. Appointing Contact Person

Finally, under the Resolution, companies must designate an individual residing in the UAE authorised to disclose to the Registrar all data and information required.

6. Deadlines and Administrative Fines

Companies are required to set up the registers and to notify the Registrar of the information contained therein within 60 days after publication of the Resolution, i.e. on 26.10.2020 at the latest, or 60 days from the date of licensing or registration of the company.

Companies that are found non-compliant with the Resolution might be subject to administrative fines. However, details are yet to be specified.

7. Key Takeaways

The new rules require immediate action. Companies that fall within the scope of the Resolution should do the following:

- Familiarise itself with the new compliance requirements in a timely manner.
- Establish the necessary registers by 26.10.2020 and file the respective information with the competent Registrar by the same date.



Do you have questions? – We would be glad to answer them!

From our office located in the heart of Dubai, our team of German attorneys has been advising small and medium-sized companies, corporations and individuals on the laws of the United Arab Emirates for more than 15 years. Our areas of expertise include corporate law (in particular business set-up), commercial agency law, employment law as well as tenancy and real estate law. We would be happy to attend to your questions as well. Contact us!

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