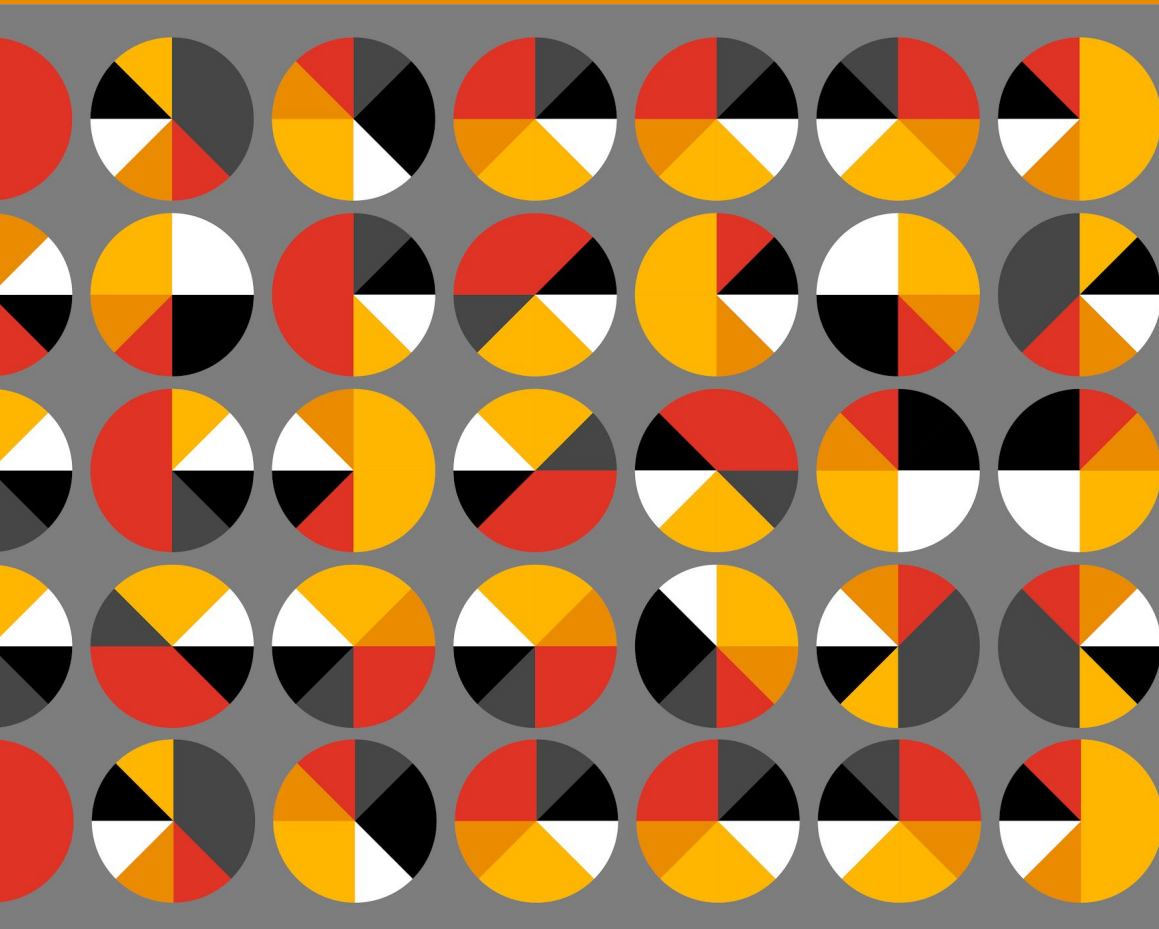


UAE: Cabinet Decision No. (58) of 2020 Regulating Beneficial Owner Procedures

October 2020



In brief

Cabinet Resolution No. (58) of 2020 regulating Beneficial Owner Procedures (the “Resolution”) came into effect on 28 August 2020 and replaced Cabinet Resolution No. 34 of 2020 issued earlier this year. The Resolution introduces new requirements for entities to disclose its beneficial owners. The main purpose is to enhance transparency of entities registered in the UAE, as well as to develop effective and sustainable executive and regulatory mechanisms and procedures in respect of beneficial owner data.

In detail

The Resolution requires entities licenced in the UAE (unless exemptions apply) to prepare and file a Ultimate Beneficial Owner (“UBO”) register, Nominee Director register (if applicable) and a Partners or Shareholders register, with the relevant authority within sixty (60) days from the date the Resolution came into effect, being **27 October 2020**, or by the date the entity is established. Whilst certain Free Zones have already implemented rules and processes to file UBO data (e.g. the Dubai Development Authority and the Dubai Multi Commodities Centre), further guidance from a number of other Free Zone authorities and the Department of Economic Development (for onshore entities) is expected in relation to the filing mechanisms.

The Resolution applies to all entities licensed in the UAE, excluding the following:

- Entities in financial free zones (Abu Dhabi Global Markets and Dubai International Financial Centre); and
- Entities which are directly or indirectly wholly owned by Federal or Emirate government.

It is worth noting that there has been no reference to the information in the registers being made publicly available, it is anticipated that all information will be held and maintained for authorities use only.

A further look into the requirements imposed by the Resolution

Register of UBOs

- a) UBOs are natural persons who ultimately own or control or have the right to vote with minimum 25% shareholding of the company, whether through direct or indirect ownership or who have the right to appoint or dismiss the majority of the Directors / Managers.
- b) If no natural person satisfies the condition above, then any natural person who exercises control over the company through other means shall be deemed as the UBO.
- c) If no natural person satisfies both conditions above, then a natural person who is responsible for the senior management of the company will be deemed as the UBO.

Register of Nominee Director / Manager

- a) Details of Directors / Managers acting in accordance with the instructions of another person.

Register of Partner / Shareholder

- d) The number of ownership interests held by each Partner or Shareholder and the voting rights attached to such ownership interests and the date of acquisition of ownership interests.

Entities will need to assess who constitutes a UBO and consider whether anyone is a nominee Director / Manager. The Register of Shareholders / Partners is not a new concept as this is a requirement outlined in the UAE Commercial Companies Law, as well as in respective Free Zone Companies Regulations. Although the Resolution requires additional information to be detailed (for example, voting rights).

Entities must notify the relevant authority of any change or amendment to the information provided within fifteen (15) days of such change or amendment.

If entities do not comply with the Resolution, the UAE Ministry of Economy may impose sanctions on those entities. The list of administrative sanctions is yet to be issued.

The takeaway

- All entities in the UAE (unless excluded by the Resolution) must prepare registers of UBOs, Shareholders (Partners) and Nominee Directors by 27 October 2020.
- The registers of UBOs and Partners / Shareholder and Nominee Directors are to be filed with the relevant authority by 27 October 2020. Although the filing mechanisms for onshore entities and certain Free Zones have yet to be confirmed.
- Entities must notify the relevant Registrar of any change or amendment to the information provided within 15 days of such change or amendment

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How can PwC help?

- Prepare registers of the UBOs, Partners / Shareholders and Nominee Directors / Managers (if applicable), in accordance with the Resolution.
- Arrange filing with the authorities.
- Maintain the relevant registers on a dedicated company secretarial database on an ongoing basis.
- Inform the relevant authority of any changes or amendments to the information provided.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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