

Cabinet of Ministers

Cabinet Resolution No. (109) of 2023

Concerning the Regulation of Real Beneficiary Procedures

After reviewing the Constitution,

And upon Federal Law No. (1) of 1972 concerning the competencies of ministries and the powers of ministers, and its amendments,

And upon Federal Decree-Law No. (20) of 2018 on confronting money laundering crimes and combating the financing of terrorism and the financing of illegal organizations, and its amendments,

And upon Federal Decree-Law No. (32) of 2021 concerning commercial companies,

And upon Federal Decree-Law No. (37) of 2021 concerning the commercial register,

And upon Cabinet Resolution No. (58) of 2020 concerning the regulation of real beneficiary procedures,

And based on the proposal of the Minister of Economy, and the approval of the Cabinet of Ministers,

Has decided

Article (1)

Definitions

For the purposes of implementing the provisions of this Resolution, the following words and phrases shall have the meanings assigned to each of them, unless the context otherwise requires:

The State: The United Arab Emirates.

The Ministry: The Ministry of Economy.

The Minister: The Minister of Economy.

The Decree-Law: Federal Decree-Law No. (20) of 2018 on confronting money laundering crimes and combating the financing of terrorism and the financing of illegal organizations, and its amendments.

The Executive Regulation: Cabinet Resolution No. (10) of 2019 concerning the Executive Regulation of Decree-Law No. (20) of 2018 on confronting money laundering and combating the financing of terrorism and the financing of illegal organizations, and its amendments.

The Registrar: The competent authority for supervising the register of trade names for various types of establishments registered in the State, and this includes the licensing authority.

The Concerned Authority: The government authority concerned with implementing any provision of the Decree-Law and the Executive Regulation.

The Real Beneficiary: The natural person who ultimately owns or exercises final control over a legal person, whether directly or through a chain of ownership or control, or other indirect means, as well as the natural person on whose behalf transactions are conducted or who exercises final effective control over a legal person or a legal arrangement, as defined in accordance with the provisions of Article (5) of this Resolution.

Nominee Board Member: Any natural person who acts according to the directions, instructions, or will of another person, and is officially appointed or holds a position in the legal person, and is usually a representative of the shareholders, members, or any other interested party.

Senior Management: The decision-making authority in the legal person.

Register of the Real Beneficiary: A special register of the real beneficiaries in the legal person that includes all their data.

Register of Partners or Shareholders: A special register of the partners or shareholders in the legal person that includes all their data.

The Settlor: A natural or legal person who transfers the management of his funds to a trustee by virtue of a document.

The Trustee: A natural or legal person who enjoys the rights and powers granted to him by the settlor or the trust, under which he manages, uses, and disposes of the settlor's funds according to the conditions imposed on him by either of them.

The Trust: A legal relationship whereby the settlor places funds under the control of the trustee for the benefit of a beneficiary or for a specific purpose. These funds are considered separate from the trustee's property, and the right to the trust funds remains in the name of the settlor or in the name of another person on behalf of the settlor.

The Supreme Committee: The Supreme Committee for supervising the national strategy for confronting money laundering and combating the financing of terrorism.

Complex Structure: An institutional mechanism that defines the legal person as part of a group of different and intricately linked entities with the aim of concealing the identity of the natural person who owns or controls the legal person.

Government Partner: The federal or local government that contributes to or owns shares in the company.

Article (2)

Objectives of the Resolution

This Resolution aims to achieve the following:

1. Contribute to developing the business environment, the State's capabilities, and its economic standing in accordance with international requirements by regulating the minimum obligations of the Registrar and legal persons in the State, including licensing or registration procedures, and regulating the Register of the Real Beneficiary and the Register of Partners or Shareholders.
2. Develop effective and sustainable executive and regulatory mechanisms and procedures for regulating real beneficiary procedures.

Article (3)

Scope of Application

1. The provisions of this Resolution shall apply to the Registrar and legal persons licensed or registered in the State, including commercial free zones.
2. The following shall be exempt from the provisions of this Resolution:
 - a. Companies wholly owned by the federal or local government, or any other companies wholly owned by those companies.
 - b. Financial free zones.
 - c. The Government Partner.

Article (4)

Registration and Licensing of the Legal Person

1. Upon applying for registration or licensing, a legal person must provide the Registrar with the following basic data:
 - a. Name, legal form, and memorandum of association.
 - b. The address of the head office or principal place of business, and if the legal person is foreign, the name and address of its legal representative in the State must be mentioned and proof thereof provided.
 - c. Articles of association or any other similar documents, approved by the concerned authority in the State.
 - d. The names of the relevant persons holding senior management positions or managers in the legal person who have the authority to make decisions, and their data shall be recorded from their travel document or identity card, including its number, date of issue and expiry, and issuing authority.
2. A legal person may not be licensed or registered under a name already registered in the State or under a name so similar as to cause confusion.
3. The legal person must refrain from using a name other than its registered name, and the name must be followed by the legal form of the legal person. It may apply to the Registrar to change its name, and if approved, it must refrain from using the canceled name, and all its letters and documents must clearly include its name and address in the State.

4. The legal person must have a clear, detailed, and registered address in the State, of which the Registrar is notified, and which is used for receiving all correspondence and notices.

Article (5)

Identifying the Real Beneficiary

1. For the purposes of applying the provisions of this Resolution, the real beneficiary of a legal person is any person who ultimately owns or controls a legal person, through direct or indirect ownership shares or stocks of (25%) twenty-five percent or more of the capital of the legal person or has the right to vote in it with a percentage of (25%) twenty-five percent or more, including holding such ownership through a series of ownership or control or through control via any other means, such as the right to appoint or remove the majority of its directors.
2. To identify the real beneficiary in accordance with clause (1) of this Article, the Registrar shall apply a risk-based approach, especially in complex structures within the legal person.
3. The real beneficiary shall be traced through any number of legal persons or arrangements of any kind.
4. If more than one person jointly owns or controls a percentage of the capital in the legal person, they must all be treated as owners and controllers of that percentage.
5. If all possible means have been exhausted and no natural person with ultimate controlling ownership has been identified as stipulated in clause (1) of this Article, or if there is doubt that the natural person with ultimate controlling ownership is the real beneficiary, then the natural person who exercises control over the legal person through other means shall be considered the real beneficiary.
6. If no natural person is identified as stipulated in clause (5) of this Article, the real beneficiary is considered to be the natural person who holds the position of senior management officer.

Article (6)

Transparency and the Real Beneficiary

1. The legal person must take reasonable measures to obtain and maintain adequate, accurate, and up-to-date data on its real beneficiary.
2. Exempted from the application of the provision of clause (1) of this Article are legal persons licensed or registered in the State and owned by a company listed on a regulated market that is subject to disclosure requirements imposing requirements to ensure sufficient transparency of the real beneficiary, or a subsidiary majority-owned by that listed company.

Article (7)

Notices Regarding the Real Beneficiary

1. If it becomes apparent to the legal person that there is a natural person who could be a real beneficiary and whose beneficial ownership details have not been correctly recorded in the Register of the Real Beneficiary, the legal person must inquire about that person's status as its real beneficiary. If a period of (15) fifteen days has passed from the date of the inquiry without a response, the legal person must notify him of this.

2. The notice referred to in clause (1) of this Article shall include the following:

- a. A statement that the notice is issued pursuant to this Resolution.
- b. Details of the relevant data concerning his being a real beneficiary which the legal person believes to be correct, with a request to provide the missing data required to complete the data in the Register of the Real Beneficiary.
- c. A request for the addressee to do the following:

(1) State whether or not he is the real beneficiary of the legal person.

(2) Confirm or correct any details included in the notice.

(3) Provide any missing data in the notice.

3. If the addressee does not comply with the notice within (15) fifteen days from the date it was sent, the legal person must enter the reported details in the Register of the Real Beneficiary.

4. For the purpose of identifying the real beneficiary, the legal person may rely on the written response of the natural person to the notice, unless it has reasonable grounds to suspect that the answer is misleading or incorrect, in which case it must record the beneficial ownership details of this person as a real beneficiary and notify him of this.

Article (8)

Register of the Real Beneficiary

1. The legal person must maintain the details of each of its real beneficiaries in the Register of the Real Beneficiary, which it shall create within (60) sixty days from the date of publication of this Resolution or from the date of its existence. It must update this register and include any change that occurs to it within (15) fifteen days from the date of its knowledge thereof.

2. The Register of the Real Beneficiary must include the following data for each real beneficiary:

- a. Full name, nationality, date and place of birth.
- b. Place of residence or the address to which notices are sent under this Resolution.
- c. Travel document or identity card number, country and date of issue, and expiry date.

d. The basis on which he became a real beneficiary of the legal person, and the date on which he acquired that status.

e. The date on which the person ceased to be a real beneficiary of the legal person.

3. If the legal person enters the name of a natural person in the Register of the Real Beneficiary as a real beneficiary and this natural person has not provided his data and details himself or with his knowledge, the legal person must notify him within (15) fifteen days from the date of entry.

4. Any person with capacity or interest may apply to the Registrar to rectify the Register of the Real Beneficiary, in the case of the inclusion or deletion of any person's name from the Register of the Real Beneficiary without sufficient reason by the Registrar.

5. The legal person may not register or enforce any document related to a change in its ownership, unless the transferee or his representative submits a statement indicating whether the transfer will result in a change in the real beneficiary of the legal person, the nature of this change, and provides the data of the new real beneficiary for inclusion in the register.

Article (9)

Nominee Board Members

1. A director or board member acting as a nominee board member must notify the legal person of his status as a nominee member and provide all the data referred to in Article (10) of this Resolution within (15) fifteen days from the date of acquiring this status. A nominee board member who acquired this status before the publication of this Resolution must notify the legal person thereof within (30) thirty days from its publication date.

2. The nominee board member shall inform the Legal Person of any change in the data referred to in Article (10) of this Resolution, within (15) fifteen days from the date of such change.

3. The nominee board member shall inform the Legal Person of the cessation of his capacity as a nominee member within (15) fifteen days from the date of such cessation.

Article (10)

Register of Partners or Shareholders

1. The Legal Person must maintain the data details of each of its partners or shareholders in the Register of Partners or Shareholders, and must update this register and include any change that occurs to it within (15) fifteen days from the date of its knowledge thereof, provided that it includes the following data:

a. The number of quotas or shares held by each of them, their classes, and the voting rights associated with them.

- b. The date of acquiring the capacity as a partner or shareholder.
 - c. For partners or shareholders who are natural persons: The name as it appears in the identity card or travel document, nationality, address, place of birth, name and address of the employer, and attaching a true copy of a valid identity card or travel document.
 - d. For partners or shareholders who are legal persons: Providing the data mentioned in Clause (1) of Article (4) of this Resolution.
- 2. A Legal Person that has one or more partners or shareholders acting as a trustee or a nominee board member must register their data in the Register of Partners or Shareholders.
 - 3. The Register of Partners or Shareholders must include the data of the persons represented by each trustee or nominee board member as stated in Clause (2) of Article (8) of this Resolution.

Article (11)

Making Data Available to the Registrar

- 1. The Legal Person shall, within (60) sixty days from the date of publication of this Resolution or from the date of registration or licensing of the Legal Person, submit the data of the Beneficial Owner Register and the Register of Partners or Shareholders to the Registrar, and take reasonable measures to protect its records from damage, loss, or destruction.
- 2. The Legal Person must provide any additional data requested by the Registrar within (14) fourteen days from the date of the request.
- 3. Subject to the legislation in force, the Legal Person must submit all the data referred to in Clause (1) of Article (4) of this Resolution to the Registrar upon applying for incorporation, licensing, renewal, amendment, or any other procedures deemed necessary by the Registrar for this purpose.
- 4. Every Legal Person must provide the Registrar with the name of a natural person residing in the State authorized to disclose to the Registrar all data and information required by the aforementioned Decree-Law, its Executive Regulations, or this Resolution, as well as their address, contact details, and a copy of their valid travel document or identity card.
- 5. No Legal Person licensed or registered in the State may issue bearer share warrants.
- 6. When issuing quotas or shares in the name of persons or board members, the Legal Person is obligated to disclose the data of those quotas or shares and the identity of the persons and board members to the Registrar within (15) fifteen days.
- 7. If the Legal Person is in the process of dissolution or liquidation, the liquidator must deliver the Beneficial Owner 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 their appointment.

8. The liquidator must retain the registers and all data referred to in this Resolution for a period of at least (5) five years from the date of dissolution or liquidation.

Article (12)

Notifications Issued by the Registrar

1. The Registrar may notify the Legal Person, its employees, or its authorized agents to submit data or documents related to Beneficial Owners or nominee board members within the period specified in the notification.

2. The powers vested in the Registrar under Clause (1) of this Article include the following:

a. Taking copies of the documents submitted under the circumstances deemed appropriate by the Registrar.

b. Requesting the person who is required to submit the data or documents, in the event of non-submission, to state their location, and to attend at the time and place specified by the Registrar and answer any relevant questions about any matters for which data submission is required.

3. Lawyers, other independent legal professionals, and independent legal auditors are exempt from providing any data required in the notification if it was obtained in the course of assessing the legal position of the Legal Person, defending it, or representing it before the judiciary, arbitration, mediation, or conciliation proceedings, or providing a legal opinion on a matter related to judicial proceedings, including providing advice on initiating or avoiding such proceedings, whether such data was obtained before, during, or after the judicial proceedings, or in other circumstances where they are subject to professional secrecy.

Article (13)

Obligations of the Registrar

The Registrar shall be obligated to do the following:

1. Prepare and issue work forms, notifications, and guidelines through various means related to registration and licensing procedures or to the regulation of Beneficial Owner procedures in the required manner that achieves effectiveness according to this Resolution and relevant legislation.

2. Provide adequate human resources to enable it to carry out its work tasks effectively.

3. Automate the data it obtains, and classify it in a way that facilitates reference and exchange with the concerned authorities upon request.

4. Provide the required data regarding the National Economic Register in real-time and provide any other data requested by the Ministry immediately.

5. Provide data on Legal Persons in the State and make it available to the public as follows:
 - a. A description of their different types or forms and their basic characteristics.
 - b. Procedures for their licensing or registration.
 - c. Procedures for obtaining their basic data as stated in Clause (1) of Article (4) of this Resolution.
 - d. Procedures for obtaining data related to the Beneficial Owner.
6. Maintain the basic data mentioned in Clause (1) of Article (4) of this Resolution and ensure its accuracy, update it, and make it available to the public.
7. Obtain and update the Beneficial Owner data from the Legal Person upon its licensing or registration, and verify its accuracy.
8. Retain all records delivered to it under Clause (8) of Article (11) of this Resolution for a period of (5) five years from the date of the Legal Person's dissolution, liquidation, or de-registration.
9. Update the basic data mentioned in Clause (1) of Article (4) of this Resolution and the data of the Beneficial Owner Register and the Register of Partners or Shareholders in real-time based on the data provided by the Legal Person, and make it available to the Ministry and disclose it upon request from the concerned authority.
10. Apply a risk-based approach to the establishments registered with it, approved by the Ministry, to ensure that the Legal Person is not misused for the purposes of money laundering and terrorism financing crimes through the following:
 - a. Classifying, assessing, addressing, and mitigating potential risks related to money laundering and terrorism financing operations annually.
 - b. Taking necessary measures to reduce these risks and prevent their occurrence through risk assessment, verification, and monitoring of Legal Persons.
 - c. Implementing the required procedures for risk management, and ensuring their effective implementation.

Article (14)

Establishment of an Anti-Money Laundering and Combating the Financing of Terrorism Unit at the Registrar

1. An administrative unit shall be established at the Registrar concerned with implementing the policies, procedures, and requirements for combating money laundering crimes, combating the financing of terrorism, and the financing of illegal organizations in accordance with the provisions stipulated in the Decree-Law, its Executive Regulations, and relevant supervisory resolutions. The unit shall submit reports and updates in real-time to the Ministry.

2. The Registrar shall issue a resolution determining the mechanism and tasks of the unit's work after coordinating with the Ministry.
3. This unit shall report to the senior management of the Registrar in the organizational structure.

Article (15)

Change of Data

1. The Legal Person must retain all basic data pursuant to Article (8) of this Resolution, the data of the Register of Partners or Shareholders, the data of the Beneficial Owner Register, the data of its associated registers, and any other data or information it may be required to retain under the legislation in force, ensuring it is accurate and up-to-date.
2. The Legal Person must submit any amendment or change to the data or information under this Resolution to the Registrar within (15) fifteen days from the date of the amendment or change.

Article (16)

Confidentiality of Data

1. The Ministry and the Registrar are prohibited from disclosing the data of the Beneficial Owner Register or the Register of Partners or Shareholders and making it available to any person, unless written consent is obtained from the Beneficial Owner or the nominee board member.
2. The following are excluded from the provision of Clause (1) of this Article:
 - a. Disclosure obligations stipulated in this Resolution.
 - b. Provisions of laws and international agreements in force in the State, especially provisions related to combating money laundering crimes, combating the financing of terrorism, the financing of illegal organizations, and the exchange of information on tax matters.

Article (17)

Domestic and International Cooperation

1. The Ministry shall provide the basic data mentioned in Clause (1) of Article (4) of this Resolution and the data of the Beneficial Owner Register and the Register of Partners or Shareholders to the concerned authorities in the State upon request.
2. The Ministry shall provide means of international cooperation regarding the basic data of the Legal Person and the data of the Beneficial Owner Register and the Register of Partners or Shareholders, provided that this cooperation includes the following:
 - a. Facilitating access by competent foreign authorities to the basic data available in the Legal Person's records, in cases of specific official requests.

b. Exchanging data and information about partners or shareholders in the Legal Person.

c. Using its powers to obtain all Beneficial Owner data on behalf of foreign counterpart authorities.

3. The Ministry shall supervise the quality of implementation of international cooperation operations received from other countries regarding requests for obtaining basic data of Legal Persons and their Beneficial Owner data, and international cooperation requests regarding identifying the whereabouts of Beneficial Owners outside the State.

Article (18)

Administrative Penalties

In the event of a violation of the provisions of this Resolution, the Registrar may impose one or more penalties from the list of administrative penalties issued by a Cabinet resolution based on the proposal of the Minister of Finance and after coordination with the Minister.

Article (19)

Grievance

1. Any person with standing may file a grievance with the Grievance Committee at the Registrar against the administrative penalties imposed in accordance with the provisions of Article (18) of this Resolution within (30) thirty days from the date of notification. He may submit a request to suspend the implementation of the administrative penalties, and the Committee must decide on this request within (45) forty-five working days in accordance with its established procedures.

2. The Minister shall issue a resolution in coordination with the Registrar specifying the controls and conditions for filing a grievance against administrative penalty decisions before the Grievance Committee at the Registrar.

Article (20)

Control Procedures

The Ministry, in accordance with its entrusted supervisory role and in coordination with the Registrar, may establish the methods and procedures it deems necessary to oversee the extent of the Registrar's compliance with the provisions of this Resolution and its implementing resolutions.

Article (21)

Compliance Results Reports

1. The Registrar is obligated to submit semi-annual reports to the Minister on the extent of its compliance with the requirements of the provisions of this Resolution and relevant legislation.

2. The Minister shall submit reports on the results of the Registrar's compliance to the Supreme Committee for Supervising the National Strategy for Anti-Money Laundering and Combating the Financing of Terrorism.

3. The Supreme Committee shall submit reports on the results of the Registrar's compliance to the Cabinet and/or the Executive Councils in each Emirate, as the case may be.

Article (22)

Repeals

Cabinet Resolution No. (58) of 2020 Regarding the Regulation of Beneficial Owner Procedures is hereby repealed, as is any provision that contravenes or conflicts with the provisions of this Resolution.

Article (23)

Publication and Entry into Force of the Resolution

This Resolution shall be published in the Official Gazette and shall come into force on the day following the date of its publication.

Mohammed bin Rashid Al Maktoum

Prime Minister

Issued by us:

On: 22 / Rabi' Al-Akhir / 1445 H

Corresponding to: November 06, 2023 AD