

UAE Ultimate Beneficial Ownership Regulations

Update

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As part of a series of legislative change aimed to improve corporate transparency, the UAE Cabinet issued Cabinet Resolution no (58) of 2020 concerning regulation of the real beneficiary procedures (“UBO Regulations”). The UBO Regulations came into force on 28 August 2020.

The UBO Regulations establish a framework for reporting and registering beneficial interests, ultimate beneficial owners (“UBO”) and shadow directors.

All UAE companies (onshore and offshore- but excluding those registered in the DIFC or ADGM) must comply with their reporting obligations under the UBO Regulations. At the date of this note, such reports are to be made by **27 October 2020** to the company’s respective regulatory authority, with certain regulatory authorities (including the Dubai Development Authority and DMCC) having already put in place reporting mechanisms.

Under the UBO Regulations, a company (subject to such regulations) must prepare:

1. **A UBO Register**– for the purposes of the UBO Regulations, a UBO is a natural person 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 of that company. If no natural person satisfies the foregoing condition, then any natural person who exercises control over the company through other means shall be deemed to be the UBO and if no natural person satisfies this condition then a natural person who is responsible for the senior management of the company will be deemed the UBO.

2. **A Register of Nominee Directors/Managers**– to include details of directors/managers acting in accordance with the instructions of a third party; and

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3. **A Shareholder/Partner Register**– to include the number of ownership interests held by each partner/shareholder and the voting rights attached to such ownership interests and the date of acquisition of such interests.

The third of these requirements is not (in general) something new given that it is already a requirement under the UAE Commercial Companies Law and is present in a number of free zone company regulations too. Both the Nominee Director and UBO Register are new, albeit for those companies that have (for example) been through banking and or law firm KYC/AML, the UBO concept will not be new and such data will be readily available.

Under the UBO Regulations, any changes to any of the information provided must be given to the relevant regulatory authority within 15 days of such change or amendment.

Non-compliance with the preparation and subsequent updating of any of these registers may lead to administrative fines- which at the date of this note have not yet been published.

So what do you need to do?

All registers need to be completed and filed with the relevant authorities by 27 October 2020, albeit the filing mechanisms (at the date of this note) for onshore entities and certain free zones have yet to be confirmed.

How can Bracewell assist?

We can help prepare the various registers, arrange filings with the relevant authorities and maintain such registers, including making the necessary changes or amendments to the information provided.