

Real Beneficiaries Disclosure in the United Arab Emirates (“UAE”): Update on the requirements and filing mechanisms

The Cabinet Resolution No. (58) of 2020 on the Regulation of the Procedures of the Real Beneficiary (the "Resolution") came into force on the 28th of August 2020. The Resolution introduces new requirements for entities registered and licensed in the UAE to maintain registers and disclose their beneficial owners to the relevant authority within sixty (60) days from the date the Resolution came into force, or by the date the entity is established. All entities licensed or registered in the UAE are concerned, except: 1) companies established in the UAE's financial Free Zones, e.g. Abu Dhabi Global Market and Dubai International Financial Centre, and 2) companies wholly owned by the federal or local government in the UAE. Based on the above, any branch, or subsidiary of a foreign entity registered in the UAE might fall within the scope of this legislation and should comply with these new requirements too. We will highlight hereafter some key elements to take into consideration in relation with the new requirements.

Key Requirements UAE entities need to maintain the following registers: a) Register of Partners or Shareholders, b) Register of Nominee Directors, and c) Register of Real Beneficiaries. Hereafter, we will focus on the category c) register of Real Beneficiaries.

Definition of “Real Beneficiary” A “Real Beneficiary” is defined as a natural person who ultimately owns or controls or has 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 or Managers of the entity. If no natural person satisfies the above-mentioned conditions, the real beneficiary will be deemed to be any natural person who exercises control over the company through other means. If no natural person satisfies any of the above-mentioned conditions, the real beneficiary will be deemed to be any natural person responsible for the senior management of the company.

Particulars to be maintained in the register of Real Beneficiaries The following particulars must be maintained in the register of Real Beneficiaries: 1. name, nationality, date and place of birth, 2. address, 3. Emirates ID or passport details, 4. the basis for, and the date upon which, the individual became a real beneficiary, and 5. if applicable, the date upon which the individual ceases to be a real beneficiary. The entities must notify any change or amendment in the particulars to the relevant authority within fifteen (15) days of such change or amendment. If the entities do not comply with the Resolution, the UAE Ministry of Economy may impose sanctions on those entities. It seems the list of administrative sanctions is yet to be issued.

Filing mechanisms with relevant authorities The declarations of beneficial owners for existing companies were supposed to be filed with the relevant authorities, by the 27th of October 2020. Whilst certain Free Zones authorities have already implemented rules and procedures to file the beneficiaries' data, e.g. Dubai Multi Commodities Centre (DMCC) or Ras Al Khaimah Free Trade Zone (RAKEZ), further guidance from a number of other Free Zone authorities is still expected in relation to the filing mechanisms. November 2020.

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