

ULTIMATE BENEFICIAL OWNER - FAQs

1. Does RAKEZ have any regulations or guidance on Ultimate Beneficial Owners (UBO)?

RAKEZ issued and published UBO Regulations of 2019 that can be found under “RAKEZ Rules and Regulations”, [here](#).

2. What does UBO mean?

The UBO is a natural person(s) who ultimately owns or controls a company and/or the natural person on whose behalf a transaction is being conducted.

A natural person is who:

- a. owns or controls 25% or more of the shares or voting rights;
- b. ultimately owns or controls whether directly or indirectly 25% or more of the shares or voting rights in the company;
- c. holds the right, directly or indirectly, to appoint or remove a majority of the board of directors;
- d. has the right to exercise, or actually exercises, significant influence or control over the company;
- e. exercises ultimate control over the management of the company; or
- f. controls the corporate body.

In any case where a UBO is:

- a. a listed company;
- b. a company that is wholly-owned by the Federal Government of the United Arab Emirates (UAE), or by any of the governments of the member emirates of the UAE; or
- c. a company created by Emiri decree within the UAE,

the controller(s) shall be treated as the beneficial owner for the purposes of the RAKEZ UBO Regulations.

For the purposes of the RAKEZ UBO regulations, a “listed company” means a company listed on a stock exchange recognised by the Registrar and subject to disclosure requirements which enable its beneficial owners to be identified.

3. What are the obligations of RAKEZ companies in respect of UBOs?

- b. Each applicable RAKEZ entity must keep an up to date record of its beneficial owner(s).
- c. Where there is a change in an entity’s beneficial ownership, it must notify the Registrar of the change within 15 days.
- d. Each entity must file their UBO information with RAKEZ.

4. We are unclear on who to declare as the UBO, how do we determine who a beneficial owner or controller is?

To help you identify the UBO, please conduct an ownership test as illustrated below.

Test 1: The Ownership Test

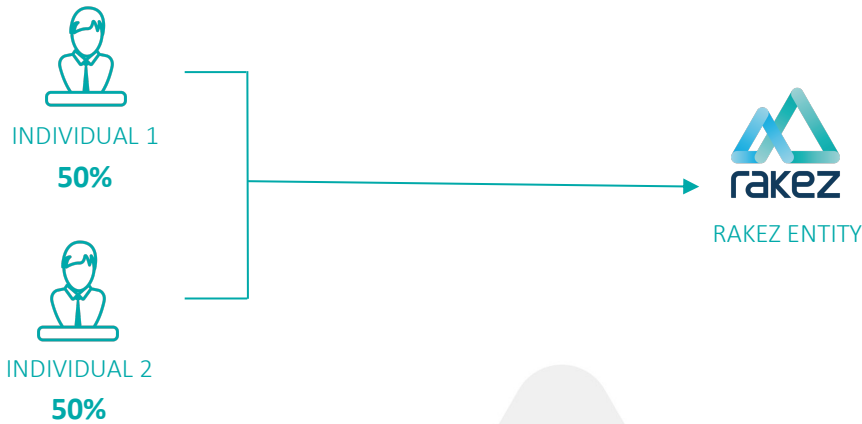
- a. Direct Ownership. The ownership test is to identify the individual(s) who ultimately own the RAKEZ entity.

In the below example, Individual 1 owns 100% of the RAKEZ entity. He/she is the UBO.



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In this example, Individual 1 and Individual 2 are direct owners of the RAKEZ entity. Both individuals are the beneficial owners.

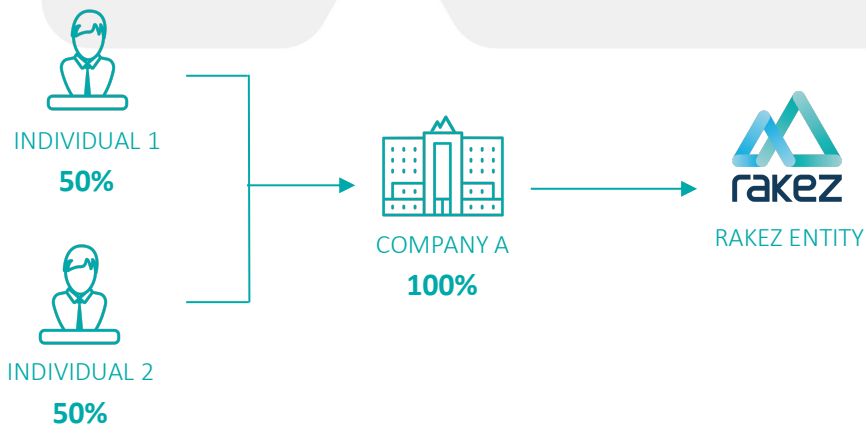


b. Indirect ownership

In this example, Individual 1 is the indirect owner and beneficial owner of the RAKEZ entity.



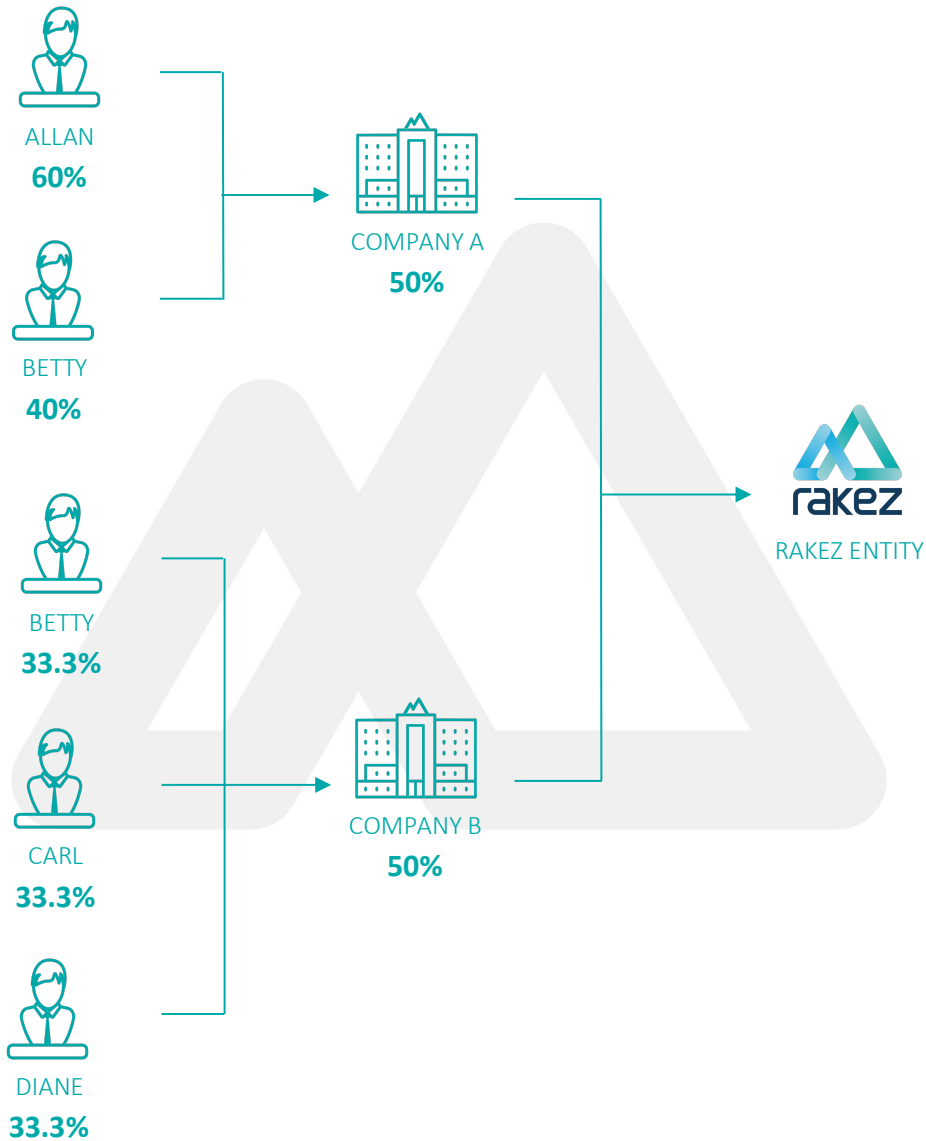
In this example, Individual 1 and Individual 2 are indirect owners and beneficial owners of the RAKEZ entity.



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c. Multiple Indirect ownership

In this example, Allan is a UBO of the RAKEZ entity because he owns indirectly 30% of its equity interests through his direct ownership of Company A. Betty is also a UBO of the RAKEZ entity because she owns indirectly 20% of its equity interests through her direct ownership of Company A plus 16.6% through Company B for a total of indirect ownership interest of 36.6%. Neither Carl nor Diane is a UBO because each owns indirectly only 16.6% of RAKEZ entity's interests.



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5. How can RAKEZ companies submit the UBO filing?

All companies are required to declare their beneficial ownership through filing a UBO Declaration with RAKEZ.

6. The shareholders and/or directors of the company are the UBOs, why do I have to make a separate filing?

The RAKEZ UBO Declaration contains certain information that is required to be filed separately.

7. Is the UBO declaration required for certain types of companies only (corporate shareholding structure, those with no single person who owns 25% or more of a company's shares etc)?

No. All companies are required to file the declaration irrespective of the ownership structure, please see the notes above on how to determine a beneficial owner or controller.

8. Is there a charge for making the filing/updating the records?

No

9. When do we need to update RAKEZ about the change of UBO? or Does the UBO information only get updated on renewal of the company?

There is an obligation on the company to ensure that the Registrar is updated within fifteen (15) days of the change in ownership.

10. The shares in the company are held by an employee as a nominee who may or not also be a director of the company, is that individual considered the UBO?

A director/shareholder will not be the UBO if s/he is holding the position as a nominee on behalf of a third person that owns or controls 25% or more of the company. Where a nominee relationship exists, the nominator will be the UBO. The director will only be the UBO where no one owns/controls 25% or more of the company. Please see Q4 for further details.

11. What is the due date for submitting UBO declaration?

The deadline to submit the UBO declaration to RAKEZ is the 27 October 2020. This deadline is in line with the Cabinet Resolution No. 58 of 2020.

12. Is there any grace period for submitting the UBO declaration?

No. All UBO declaration submissions are to be filed on or before the 27 October 2020.

13. Will there be any penalty for a late submission of UBO declaration?

Yes. The Registrar may impose fines for late submission of the UBO declaration.

14. How does Cabinet Resolution No. 58 of 2020 differ from the previous Cabinet Resolution No. 34 of 2020?

The key differences are as follows:

- a. Every company is required to identify its Beneficial owners and Nominee Directors (if applicable)
- b. Every company must maintain:
 - 1) a register of shareholders
 - 2) a register of directors and nominee directors
 - 3) a register of ultimate beneficial owners

15. What is the meaning of a Nominee Director?

A Nominee Director is a director who is obligated to act in accordance with the directions and instructions of another person.