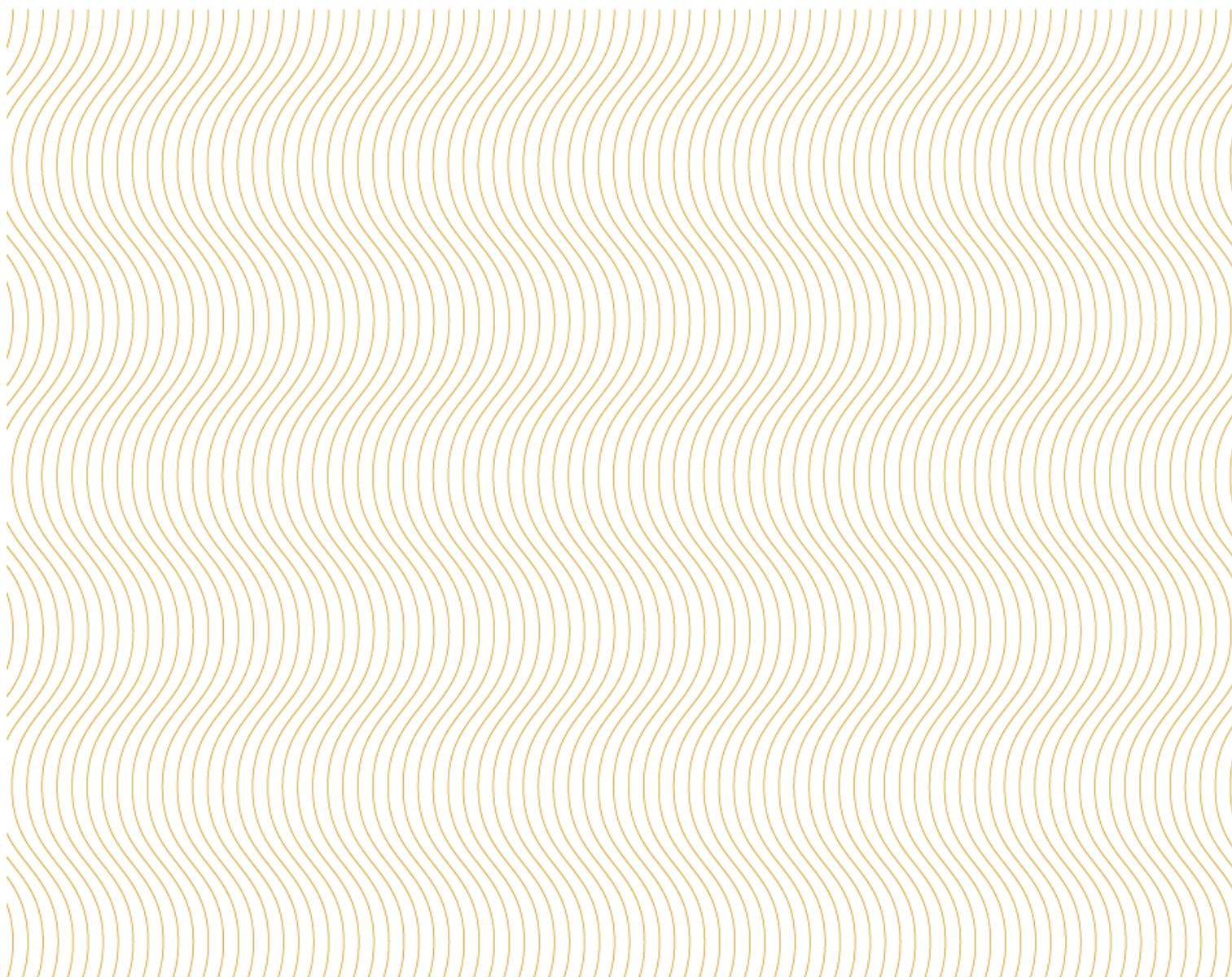


# Beneficial Ownership and Control Guidance



ABU DHABI GLOBAL MARKET  
سوق أبوظبي العالمي



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## **Introduction**

Abu Dhabi Global Market (“ADGM”) is established pursuant to Abu Dhabi Law No. 4 of 2013 as a financial free zone in the Emirate of Abu Dhabi, with its own civil and commercial laws. ADGM offers market participants a world-class legal system and regulatory regime.

This document has been prepared to guide clients in identifying the registrable beneficial owners of ADGM Entities.

### ***Registration Authority Office***

The Registration Authority (the “Registrar”) is an independent authority, which has the powers granted to it under the Abu Dhabi Law No. 4 of 2013. The Registrar’s office is located at 3rd floor, ADGM Building, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates.

### ***The Registrar’s main functions***

- Registration of ADGM establishments
- Registration of business names and maintenance of register
- Registration of post-incorporation documentation and event-driven filings
- Registration of changes in business name particulars
- Registration of changes in directors, officers, shareholders and share capital
- Enforcement, prosecution and strike off, dissolution or restoration of ADGM establishments
- Cancellation of Commercial Licenses, amendment, suspension, etc.

### ***Opening Hours***

The Registrar’s office is open to public from Sunday to Thursday, 9:00am to 3:00pm and may be contacted during normal working hours at +971 2 3338777 or by email at [adgm.registration@adgm.com](mailto:adgm.registration@adgm.com)

## ADGM Requirement

Beneficial ownership identification and verification is essential component and an integral part of ADGM’s review process in registering a legal entity in ADGM. An applicant must provide such information at the time of incorporation and this information must be kept up to date during the life cycle of the legal entity.

In particular, each ADGM Person (hereinafter referred to as ‘ADGM Person’) must keep a record of the required particulars of its beneficial owners in a register of beneficial owners.

Where the ADGM Person is existing at the time of the enactment of ADGM Beneficial Owners and Control Regulations (“Regulations”), the ADGM Person must ensure that its record of beneficial owners is established no later than ninety (90) days after the date of enactment of the Regulations.

Where the ADGM Person comes into existence after the date of enactment of the Regulations, the ADGM Person must ensure that a record of beneficial owners is established in accordance with that ADGM entity’s rules of formation.

### ***What is beneficial owner?***

<p>“beneficial owner”, in relation to a company or LLP</p>	<p>“beneficial owner” for an ADGM Person who is a trustee, means each of the following but only in respect of the trust governed by the law of the Abu Dhabi Global Market for which the ADGM Person is a trustee</p>	<p>“beneficial owner”, in relation to a foundation</p>
<p>any person who owns or controls (in each case whether directly or indirectly), including through bearer share holdings or by other means, more than 25% of the shares or voting rights in the company or LLP;</p> <p>any person who controls the company or LLP, or</p> <p>any person who exercises control over the management of the company or LLP.</p>	<p>the settlor of the trust;</p> <p>any other trustee(s) aside from the ADGM Person;</p> <p>each beneficiary of the trust;</p> <p>where the persons (or some of the persons) benefiting from the trust have not been determined, the class of persons in whose main interest, in the opinion of the Registrar, the trust has been established or operates; and</p> <p>any other person who, in the opinion of the Registrar, has control over the trust.</p>	<p>the founder;</p> <p>the foundation council members (except council members that are ADGM registered corporate service providers);</p> <p>the guardian, if any; and</p> <p>the beneficiaries (if named) or designee (if no beneficiaries are named) in whose main interest, in the opinion of the Registrar, the foundation has been established or operates.</p>

<p>“control” if in relation to a company means such person who:</p> <p>holds, directly or indirectly, more than 25% of the company’s shares;</p> <p>holds, directly or indirectly, more than 25% of the voting rights in the company; or</p> <p>holds the right, directly or indirectly, to appoint or remove a majority of the board of directors of the company;</p> <p>in relation to an LLP, the person, holds, directly or indirectly, more than 25% of the voting rights in the conduct and management of the LLP.</p>	<p>“control” means a power (whether exercisable alone, jointly with another person or with the consent of another person) under the trust instrument or by law to:</p> <p>dispose of, advance, lend, invest, pay or apply trust property;</p> <p>vary or terminate the trust;</p> <p>add or remove a person as a beneficiary to or from a class of beneficiaries;</p> <p>appoint or remove trustees or give another person control over the trust; and</p> <p>direct, withhold consent to or veto the exercise of a power mentioned in sub-paragraphs (a) to (d).</p>	<p>A person shall have “control” in relation to a foundation if such person:</p> <p>holds, directly or indirectly, more than 25% of the voting rights in the conduct and management of the foundation;</p> <p>holds the right, directly or indirectly, to appoint or remove a majority of the officials of the foundation.</p>
<p>Note:</p> <p>Where any of the above roles are fulfilled by a company, LLP or partnership, the ADGM Person shall identify the natural persons who are the beneficial owners of such company, LLP or partnership, unless the company is a listed company.</p>		

In any case where a beneficial owner is:

- a listed company; or a company that it wholly-owned by the Federal Government of the United Arab Emirates, or by any of the governments of the member Emirates of the United Arab Emirates; or a company created by Emiri decree within the United Arab Emirates, it shall be treated as a natural person for the purposes of the Regulations, and therefore (for the avoidance of doubt) as the beneficial owner of the ADGM Person.
- “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.
- “Beneficial owner”, in relation to a partnership (other than an LLP), means any person who ultimately is entitled to or controls (in each case whether directly or indirectly) more than 25% share of the capital or profits of the partnership or more than 25% of the voting rights in the partnership.

## How to determine the beneficial owner?

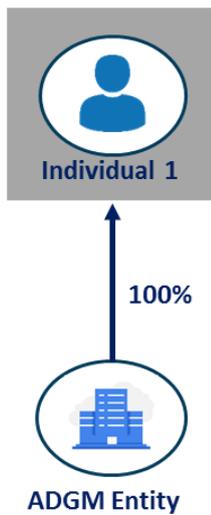
### ***Test 1: The Ownership Test***

The ownership test is to identify the individual who ultimately own the ADGM Entity. Ultimate owners are considered to be a registrable beneficial owner and their information and identification documents must be provided to the Registration Authority at the time of application and must be kept up-to-date throughout the lifecycle of ADGM Person.

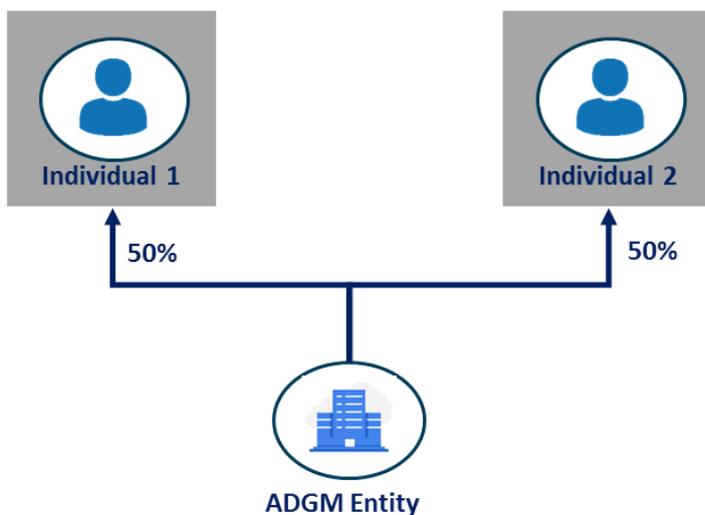
To help you identify the registrable beneficial owners, please refer to the illustration below. Registrable beneficial owners are identified through grey boxes.

#### Direct Ownership

In this example, Individual 1 owns 100% of the ADGM Entity. He is the beneficial owner.

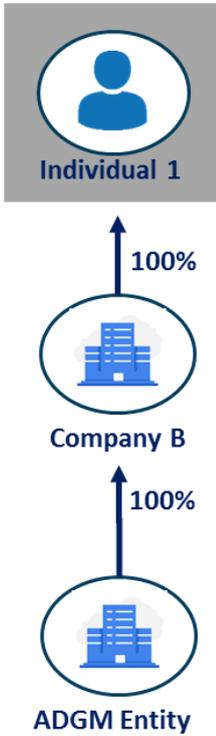


In this example, Individual 1 and Individual 2 are direct owners of ADGM Entity. Both individual are the beneficial owners.

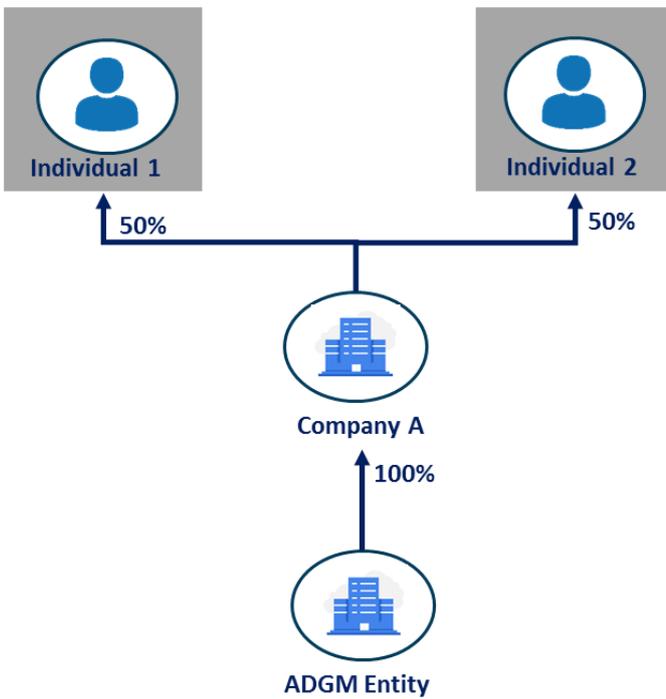


## Indirect Ownership

In this example, Individual 1 is the indirect owner and beneficial owner of the ADGM Entity.



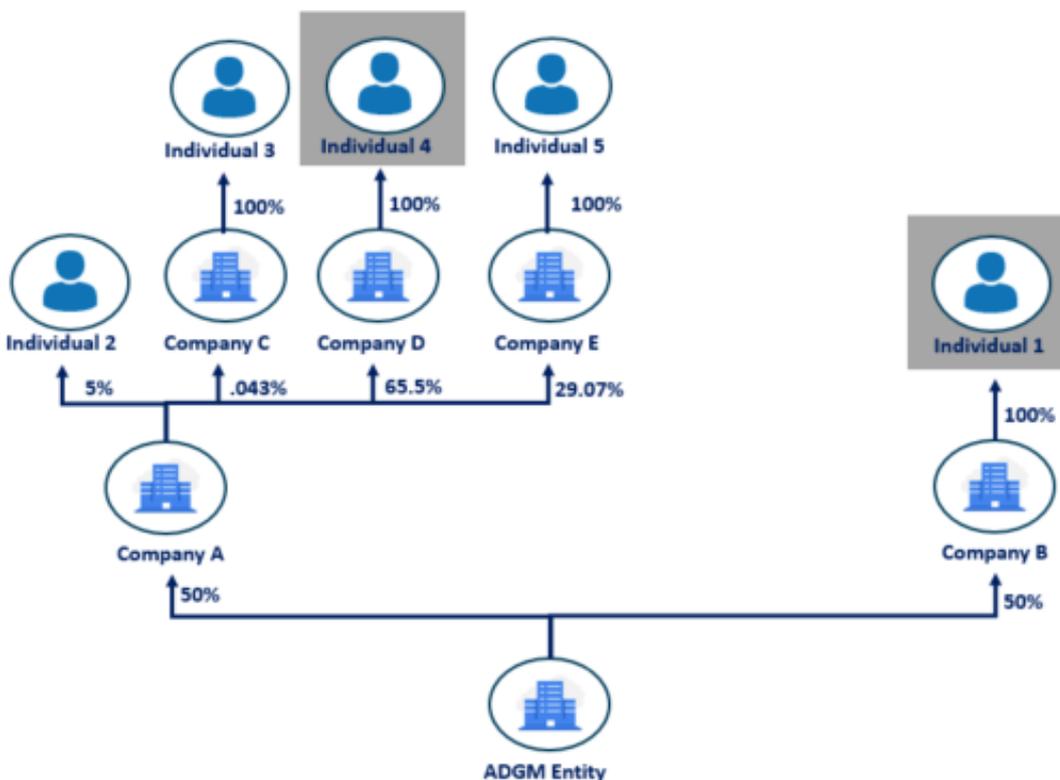
In this example, Individual 1 and Individual 2 are indirect owners and beneficial owners of the ADGM Entity.



## Multiple Indirect Ownership

In this example, there are multiple levels of indirect ownership. The two beneficial owners are clearly marked in grey boxes. In this case, **Individual 4** has a 32.75% interest in ADGM Entity ( $50\% \times 65.5\% = 32.75\%$ ) and Individual 1 has 50%.

Calculating shareholdings: a reference in this Guidance Note to holding shares in an ADGM Person or other legal entity is to holding a right to share in the capital or, as the case may be, profits of that person or other entity, and a reference to holding “more than 25% of the shares” in that ADGM Person or other legal entity is to holding a right or rights to share in more than 25% of the capital or, as the case may be, profits of that person or other entity.



If no registrable person can be identified under Test 1, Test 2 also needs to be considered.

### ***Test 2: The Control Test***

This test requires the identification of individual or corporate that ultimately controls the ADGM Entity by means other than ownership. For example, by a person, that holds more than 25% of the voting rights of ADGM Entity but the exercise of such voting rights is controlled by another. This latter person is a beneficial owner in respect of the ADGM Entity.

It is important to note that if, in relation to ADGM Entity, there are individual who satisfy Test 2 in addition to individual / corporate beneficial owners that satisfy Test 1, then all are registrable in respect of that ADGM Entity.

### ***Test 3: The Management Test***

This test only applies if no registrable owners have been identified under Test 1 or Test 2 and stipulates that all natural persons who hold the position of a senior managing official of the ADGM Entity will be registrable as a beneficial owner.

## **Disclaimer**

This Guidance (the “Note”) provides answers to many frequently asked questions and provides information on how to identify the beneficial owner of ADGM Entity. This is only a non-binding indicative guide and should be read together with the relevant legislation, in particular, ADGM Beneficial Owners and Control Regulations 2018 and any other relevant regulations and enabling rules, which may change over time without notice. The Note only refers to the procedures that need to be completed in relation to the Registrar. It does not cover other requirements as set out in the relevant legislation (which includes contact with the court and other obligations of an applicant). Further advice from a specialist professional may be required. The Registration Authority makes no representations as to accuracy, completeness, correctness or suitability of any information and will not be liable for any error or omission. Information in this Note is not to be deemed, considered or relied upon as legal advice and should not be treated as a substitute for a specific advice concerning any individual situation. Any action taken upon the information provided in this Note is strictly at your own risk and ADGM RA will not be liable for any losses and damages in connection with the use of or reliance on information provided in this Note.

For more information, you may contact the Registrar:

Telephone No.: 00 971 2 3338777

Email: [adgm.registration@adgm.com](mailto:adgm.registration@adgm.com)

Address: 3rd floor, ADGM Building, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates.