

## **BENEFICIAL OWNERSHIP AND CONTROL REGULATIONS 2018**

Regulations to make provision for beneficial ownership and control systems for legal entities registered in the Abu Dhabi Global Market.

Date of Enactment: [●]

The Board of Directors of the Abu Dhabi Global Market, in exercise of its powers under Article 6(1) of Law No. 4 of 2013 concerning the Abu Dhabi Global Market issued by His Highness the Ruler of the Emirate of Abu Dhabi, hereby enacts the following Regulations:

### **PART 1** **INFORMATION DUTIES OF ADGM PERSONS**

#### **1. Duty of ADGM Person to obtain information in respect of beneficial owners**

- (1) Each ADGM Person must take reasonable steps to ascertain the true, accurate and complete identity of its beneficial owners.
- (2) Subject to subsection (3), if an ADGM Person has reasonable grounds for believing that a person is or may be its beneficial owner, the ADGM Person must send a request in writing to such person requiring him:
  - (a) to state whether he is a beneficial owner in relation to the ADGM Person; and
  - (b) if so, to confirm or correct any required particulars of such person that are included in the request in writing, and to supply any that are missing.
- (3) An ADGM Person is not under a duty to send a request in writing under subsection (2) if:
  - (a) the ADGM Person has already been informed that the person is a beneficial owner in relation to that ADGM Person; and
  - (b) that information was provided either by the person himself or with his knowledge.
- (4) The “**required particulars**” has the meaning prescribed to it in section 2(5).

#### **2. Record of beneficial owners**

- (1) Each ADGM Person must keep a record of the required particulars of its beneficial owners in a record referred to in these Regulations as the “**record of beneficial owners**”.
- (2) Where the ADGM Person is existing at the time of the enactment of these 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 these Regulations.

- (3) Where the ADGM Person comes into existence after the date of enactment of these Regulations, the ADGM Person must ensure that a record of beneficial owners is established in accordance with that ADGM Person's rules of formation.
- (4) Section 363 of the Companies Regulations shall apply in respect of the record of beneficial owners and the manner in which it is kept and made available for inspection.
- (5) The “**required particulars**” means,
  - (a) in respect of a natural person:
    - (i) full name, including any former names;
    - (ii) country of residence;
    - (iii) date of birth;
    - (iv) nationality;
    - (v) occupation;
    - (vi) the date on which that person became a beneficial owner; and
    - (vii) the grounds on which that person is considered to be a beneficial owner; and
  - (b) in respect of an ADGM Person who is not a natural person:
    - (i) registered name;
    - (ii) registered address;
    - (iii) registration number (or equivalent);
    - (iv) country of registration; and
    - (v) the date on which that person became a beneficial owner.
- (6) If an ADGM Person has ascertained that there are no persons who meet the criteria for beneficial owners in relation to that ADGM Person, he must:
  - (a) record that fact in the record of beneficial owners; and
  - (b) deliver to the Registrar:
    - (i) a true, accurate, complete and up-to-date copy of its register of members; and
    - (ii) such further information as the Registrar reasonably considers necessary to confirm that there are no persons who meet the criteria for beneficial owners in relation to that ADGM Person.

**3. Duty of ADGM Person to keep record of beneficial owners up-to-date**

- (1) An ADGM Person must take reasonable steps to ensure that the particulars recorded in its record of beneficial owners are true, accurate, complete and up to date.
- (2) If an ADGM Person knows or has reasonable cause to believe that a relevant change has occurred to the required particulars recorded in its record of beneficial owners then, subject to subsection (3), the ADGM Person must request in writing details of the relevant change from each person whose required particulars are recorded in its record of beneficial owners and may be affected by the relevant change.
- (3) A “**relevant change**” in relation to a person occurs if:
  - (a) the person ceases to be a beneficial owner in relation to an ADGM Person; or
  - (b) any other change occurs, as result of which the required particulars stated for the person on the record of beneficial owners are incorrect or incomplete.
- (4) An ADGM Person is not required to send a request in writing under subsection (2) if:
  - (a) the ADGM Person has already been informed of the relevant change and of the information referred to in subsection (6)(b); and
  - (b) that information was provided either by the person concerned or with their knowledge.
- (5) The ADGM Person must send a request in writing under subsection (2) as soon as reasonably practicable after learning of the change or first having reasonable cause to believe that the change has occurred.
- (6) The request in writing must require the addressee, within the period of one (1) month beginning with the date of the request:
  - (a) to confirm whether or not the change has occurred; and
  - (b) if so:
    - (i) to state the date of the change; and
    - (ii) to confirm or correct the required particulars included in the request, and supply any that are missing from the request.
- (7) On receipt of information received pursuant to the request in writing under this section, or otherwise being satisfied that a relevant change has occurred, an ADGM Person must within one (1) month amend the record of beneficial owners accordingly.

**4. Duty of ADGM Person to submit record of beneficial owners to Registrar**

Within one (1) month of the establishment of its own record of beneficial owners, each ADGM Person must submit a true, accurate, complete and up-to-date copy of its record of beneficial owners to the Registrar who may use the contents of such record when establishing the Register under Parts 2 (*Role of the Registrar*) and 3 (*Register of Beneficial Owners of Legal Persons*) of these Regulations.

**5. Duty of ADGM Person to notify Registrar of changes**

When there has been an amendment or change in the particulars contained in the record of beneficial owners an ADGM Person, within one (1) month of the date of an amendment or change of such record of beneficial owners, the ADGM Person must submit a notice to the Registrar of the amendment or change and the date on which it occurred, to the best of its knowledge.

**6. Duty of ADGM Person to ensure security of information**

An ADGM Person must take all reasonable steps to ensure the security and confidentiality of information disclosed to him under these Regulations and must not disclose such information other than in compliance with a duty imposed, or in exercise of a power conferred, under these Regulations or any other law or regulation applicable in the Abu Dhabi Global Market.

**7. Duty to retain documents following dissolution, termination and striking off**

- (1) This section applies where an ADGM Person is dissolved, terminated or struck off.
- (2) Where this section applies:
  - (a) if appointed, the liquidator or otherwise; or
  - (b) the ADGM Person immediately before the dissolution, termination or striking off,

must retain the record of beneficial ownership relating to the ADGM Person as at the date of dissolution, termination or striking off for the minimum retention period and must comply with a requirement of the Registrar under these Regulations in that period.

**PART 2**  
ROLE OF THE REGISTRAR

**8. Powers of the Registrar**

The Registrar shall administer these Regulations and perform the functions and exercise the powers assigned or transferred to him by or under these Regulations and any other law or regulation applicable in the Abu Dhabi Global Market.

**9. Register of Beneficial Owners of Legal Persons**

The Registrar shall establish and maintain a register of the beneficial owners of ADGM Persons to be called the Register of Beneficial Owners of Legal Persons (the “**Register**”) in accordance with Part 3 (*Register of Beneficial Owners of Legal Persons*) of these Regulations.

**10. Functions and ancillary powers of the Registrar**

- (1) The Registrar, having regard to the provisions of this section 10, has the power to do anything that appears to him to be necessary or expedient for the purposes of or in connection with the exercise of his functions including, without limitation, power:
  - (a) to require from an ADGM Person direct access to (by electronic means or otherwise) the record of beneficial owners of that ADGM Person;
  - (b) to request and obtain information and documents in accordance with the provisions of section 14;
  - (c) to prepare and, subject to any provision to the contrary in these Regulations or any other enactment, to publish information, reports, forms, codes of practice, guidance, recommendations and other documents; and
  - (d) to appoint any person or body to advise him in relation to the exercise of any of his functions.
- (2) The provision of information under these Regulations shall not be subject to enhanced disclosure requirements as provided under section 952 of the Companies Regulations 2015 (as amended from time to time).

**PART 3**

**REGISTER OF BENEFICIAL OWNERS OF LEGAL PERSONS**

**11. Register of Beneficial Owners of Legal Persons and security of information**

- (1) The Registrar shall establish the Register which shall be kept in such form as the Registrar thinks fit and may, without limitation, be kept in electronic form.
- (2) Information shall be submitted to the Registrar by all ADGM Persons pursuant to sections 4, 5 and 13 of these Regulations, for inclusion in the Register.
- (3) The Registrar shall take all reasonable steps to ensure the confidentiality and security of the Register and of information kept on the Register, and of other information disclosed to him under these Regulations or under any other enactment, and (subject to subsection (3) and sections 12 and 13) shall not disclose to any other person the Register or any part of it, or information or documents obtained by him or disclosed to him, other than as permitted in section 12.

- (4) The Registrar shall, on application being made to him in such form as he may specify, and having taken all reasonable steps to verify the identity of the applicant, disclose to a person any information on the Register directly relating to that person only.

**12. Disclosure of information by the Registrar**

- (1) Subject to the provisions of the regulatory laws, information obtained by the Registrar:
  - (a) under these Regulations or any other enactment; or
  - (b) in connection with the carrying out of any of the Registrar's functions,may only be disclosed in accordance with section 967 of the Companies Regulations which shall apply to Parts 2 and 3 of these Regulations.
- (2) Any person may request from the Registrar, on payment to the Registrar of such fee as may be prescribed by the Board, to be provided with a certificate confirming the identity of the beneficial owners of an ADGM Person as identified in the Register, subject to the Registrar receiving prior written consent of the ADGM Person concerned.

**13. Power of Registrar to request and obtain information and documents**

- (1) The Registrar may, by notice in writing served on an ADGM Person (or its officers or directors), require him to submit to the Registrar in such form and manner, at such times or intervals, at such place and in respect of such periods as may be specified in the notice, with such information as the Registrar may reasonably require for the performance of his functions under these Regulations.
- (2) The Registrar may, by notice in writing served on an ADGM Person:
  - (a) require him to produce, in such form and manner, within such time and at such place as may be specified in the notice, such information or documents of such description as may be so specified;
  - (b) require him to furnish, to any of the Registrar's officers, servants or agents authorised for the purposes of this paragraph, on production of evidence of such authority, such information and documents or information and documents of such description as the officer, servant or agent may specify, either forthwith or within such time, and at such place, and in such form and manner, as may be so specified, for the purposes of their inspecting them;being information or documents reasonably required by the Registrar for the performance of his functions under these Regulations.
- (3) The powers conferred by this paragraph to require an ADGM Person to produce any documents include the power:

- (a) if the documents are produced, to take copies of them or extracts from them, in circumstances where the Registrar is satisfied that the taking of such copies or extracts is necessary for the proper exercise of powers under or in relation to Part 4 (*Offences, Fines & Enforcement*) of these Regulations; and
  - (b) if the documents are not produced, to require the ADGM Person who was required to produce them to state, to the best of his knowledge and belief, where they are.
- (4) Nothing in this section 13 shall restrict the powers of the Registrar as prescribed under section 901 of the Companies Regulations.

**14. Submission of information to the Registrar**

- (1) Information required to be submitted to the Registrar when requested under these Regulations or any other enactment shall be in such form as may be specified by the Registrar.
- (2) Where a person claims a lien on a document, its production under these Regulations is without prejudice to his lien.

**15. General power of Registrar to reject applications**

Notwithstanding that the Registrar is not bound to enquire further as to whether the provisions of these Regulations or any other enactment have been complied with, the Registrar may reject any submission, or other matter submitted to him, on such terms and conditions as he thinks fit, if it appears to him that the provisions of these Regulations or any other enactment in respect of that submission or other matter have not been complied with.

**16. Retention of information on the Register after dissolution, etc.**

In the case of an ADGM Person that has been dissolved, terminated or struck off, the Registrar shall retain on the Register information relating to that legal person as at the date of its dissolution, termination or striking off (as the case may be) for the minimum retention period after that date.

**PART 4**

**OFFENCES, FINES & ENFORCEMENT**

**17. Offences**

An ADGM Person who fails to comply with these Regulations or any rules made under these Regulations is guilty of an offence and liable to a fine as prescribed under section 19.

- (1) It is a defence for an ADGM Person, charged with failing to comply with a duty imposed on him under these Regulations or any rules made under these

Regulations, to prove that the ADGM Person took all reasonable steps to attempt to comply with the duty.

**18. False or misleading information**

- (1) It is a contravention of these Regulations for a person knowingly or recklessly:
  - (a) to deliver or cause to be delivered to the Registrar, for any purpose of these Regulations, any information or document, or
  - (b) to make to the Registrar, for any such purpose, a statement, that is misleading, false or deceptive in a material particular.
- (2) A person who commits the contravention referred to in subsection (1) is liable to a fine as prescribed under section 19.

**19. Fines**

- (1) The Board may make rules in respect of the procedures relating to the imposition and recovery of fines under this Part.
- (2) Where the Registrar considers that a person has contravened—
  - (a) these Regulations; or
  - (b) any rules made under these Regulations,the Registrar, by written notice (a “monetary penalty notice”) to the person, may impose a fine in respect of the contravention.
- (3) A monetary penalty notice is a written notice requiring the person to pay to the Registrar a fine of an amount determined by the Registrar as the Registrar may consider appropriate.
- (4) The amount determined by the Registrar must not exceed a level 7 fine (as specified under the Commercial Licensing Regulations 2015 (Fines) Rules 2015), or such other amount as the Registration Authority may prescribe from time to time.
- (5) The fine must be paid to the Registrar within the period specified in the monetary penalty notice.
- (6) The monetary penalty notice must contain such information as may be prescribed.
- (7) A person, who receives a monetary penalty notice under this section, may refer the matter to the Court for review of—
  - (a) the issue of the monetary penalty notice;



- (b) the amount of the fine specified in the notice.
- (8) Court Procedure Rules may make provision for any reference to the Court under subsection (7).
- (9) If, within the period specified in the monetary penalty notice—
  - (a) the person pays the fine specified in the notice to the Registrar—
    - (i) subject to paragraph (ii) below, no proceeding or actions pursuant to this Part may be commenced, whether in the Court or otherwise, by the Registrar against the ADGM Person in respect of the relevant contravention; and
    - (ii) without prejudice to paragraph (i) above, neither the imposition nor payment of a fine shall restrict the Registrar from taking any action against a person or refrain from doing any act or thing in relation to any continuing contravention; or
  - (b) if all or any portion of the fine has not been paid at the end of the period stated in a monetary penalty notice, the obligation of the person to pay the fine is enforceable as a debt payable to the Registrar. The Registrar may apply to the Court for the recovery of the debt.
- (10) In this section “prescribed” means prescribed by rules made by the Board pursuant to these Regulations.
- (11) Where a fine is imposed on a person under this section, the Registrar may publish, in such manner and for such period as the Registrar may determine, his name and the amount of the fine, and the publication may contain such information in respect of any person named therein, and such ancillary, incidental and supplementary information, as the Registrar may determine.

## **20. Certificates**

A certificate that is signed by the Registrar and states that a monetary penalty notice prescribing a fine under section 19 was imposed on, a person is—

- (a) conclusive evidence of the giving of the imposition of the notice to the person; and
- (b) prima facie evidence of the facts contained in the direction or the notice,

in any proceeding commenced under sections 19(7) and 19(9)(b).

## PART 5

### MISCELLANEOUS

#### 21. Meaning of “beneficial owner”

The meaning of the expression “beneficial owner” and any related expressions for the purposes of these Regulations are prescribed under Schedule 1 (*Meaning of Beneficial Owner*).

#### 22. Service of Documents

The provisions of:

- (a) the Companies Regulations (Paper Form) Rules 2015; and
- (b) the Companies Regulations (Electronic Filing) Rules 2015,

shall apply to information submitted to the Registrar pursuant to these Regulations.

#### 23. Exemption orders

The Board may make rules to provide for:

- (a) specified ADGM Persons; or
- (b) ADGM Persons falling within a specified class,

to be exempt from the obligations prescribed in these Regulations.

#### 24. Fees payable to the Registrar

- (1) The Board may make rules requiring the payment to the Registrar of such fees in connection with the Registrar’s administration of these Regulations.
- (2) Such rules may prescribe different levels of fees for each ADGM Person.
- (3) Any fee which is owed to the Registrar under any provision made by such rules may be recovered as a debt due to the Registrar.
- (4) The Registrar may refuse to accept information or documentation delivered to it under the terms of these Regulations which is not accompanied by the payment to the Registrar of the fees due on such application.

#### 25. Guidance

The Registrar may issue such guidance as he thinks necessary for the purposes of these Regulations and other enactments making provision in respect of beneficial ownership and control.

## **26. Interpretation**

(1) In these Regulations, unless the context otherwise requires:

“**Abu Dhabi Global Market**” has the meaning set forth in the Interpretation Regulations;

“**ADGM Founding Law**” has the meaning set forth in the Interpretation Regulations;

“**ADGM Person**” has the meaning prescribed to it in section 27;

“**Board**” has the meaning set forth in the Interpretation Regulations;

“**beneficial owner**” has the meaning prescribed to it in Schedule 1;

“**commencement**” has the meaning set forth in the Interpretation Regulations;

“**Commercial Licensing Regulations**” means the Commercial Licensing Regulations 2015;

“**Companies Regulations**” means the Companies Regulations 2015;

“**conduct**” includes acts, omissions and statements;

“**Court**” has the meaning set forth in the Interpretation Regulations;

“**documents**” means information recorded in any form (including without limitation, in electronic form) and, in relation to information recorded otherwise than in legible form, references to its production, howsoever expressed, include references to the production of the information in hard copy; and a document is sent or supplied in hard copy form if it is sent or supplied in a paper copy or similar form capable of being read;

“**enactment**” has the meaning set forth in the Interpretation Regulations;

“**fine**” has the meaning prescribed to it in section 19;

“**Foundations Regulations**” means the Foundations Regulations 2017;

“**FSRA**” has the meaning set forth in the Interpretation Regulations;

“**Interpretation Regulations**” means the Interpretation Regulations 2015 (as amended from time to time);

“**LLP Regulations**” means the Limited Liability Partnerships Regulations 2015;

“**minimum retention period**” means:

(a) a period of at least six (6) years starting from the date of the dissolution or termination of the ADGM Person in question; or

(b) such longer period as the Registrar may direct;

“**month**” has the meaning set forth in the Interpretation Regulations;

“**person**” includes:

- (a) a natural person;
- (b) a company;
- (c) any other legal person; and
- (d) an unincorporated body of persons;

“**record of beneficial owners**” has the meaning prescribed to it in section 2(5);

“**Register**” has the meaning prescribed to it in section 11;

“**Registrar**” has the meaning set forth in the Interpretation Regulations;

“**relevant change**” has the meaning prescribed to it in section 3;

“**regulatory laws**” means:

- (a) Financial Services and Markets Regulations 2015;
- (b) Financial Services and Markets Amendment Regulations 2016;
- (c) Financial Services and Markets (Amendment) Regulations 2017;
- (d) Common Reporting Standard Regulations 2017; and
- (e) any other enactment prescribed for the purposes of these Regulations by the FSRA;

“**required particulars**” has the meaning prescribed to it in subsection 2(5);

“**writing**” has the meaning set forth in the Interpretation Regulations; and

“**year**” has the meaning set forth in the Interpretation Regulations.

- (2) Any reference in these Regulations to an enactment is a reference thereto as from time to time amended, re-enacted (with or without modification), extended or applied.

## **27. Meaning of “ADGM Person” and associated terms**

- (1) In these Regulations, an “**ADGM Person**” means:
  - (a) a company incorporated under the Companies Regulations;
  - (b) an LLP incorporated under the LLP Regulations;

- (c) a foundation established under the Foundations Regulations; or
  - (d) a trustee of a trust governed by the law of the Abu Dhabi Global Market.
- (2) In these Regulations, the “**officers**” of an ADGM Person means:
- (a) in the case of a company, the officer of the company (within the meaning prescribed under section 1028 of the Companies Regulations);
  - (b) in the case of an LLP, those members (within the meaning prescribed under section 3 of the LLP Regulations) of the LLP exercising functions under the members’ agreement equivalent to the functions of the officers of a company;
  - (c) in the case of a foundation, the founder, councillor or guardian of the foundation (each within the meaning prescribed under section 47 of the Foundations Regulations); and
  - (d) in the case of a trustee that is a not a natural person, any director (or equivalent) of a corporate trustee, or any other person exercising control over the trustee.
- (3) In these Regulations, the “**members**” of an ADGM Person means:
- (a) in the case of a company, the members of the company (within the meaning prescribed under section 143 of the Companies Regulations);
  - (b) in the case of an LLP, the members of the LLP (within the meaning prescribed under section 3 of the LLP Regulations); and
  - (c) in the case of a foundation, the beneficiaries (if any) of the foundation (within the meaning prescribed under section 31 of the Foundations Regulations).

**28. Short title, extent and commencement**

- (1) These Regulations may be cited as the Beneficial Ownership and Control Regulations 2018.
- (2) These Regulations apply in the jurisdiction of the Abu Dhabi Global Market.
- (3) These Regulations come into force on the date falling six (6) months from the date of their enactment.

**SCHEDULE 1**  
**MEANING OF BENEFICIAL OWNER**

**1. Meaning of beneficial owner: company, LLP or partnership**

- (1) In these Regulations, “**beneficial owner**”, in relation to a company or LLP, means:
  - (a) any person who owns or controls (in each case whether directly or indirectly), including through bearer share holdings or by other means, more than 10% of the shares or voting rights in the company or LLP;
  - (b) any person who controls the company or LLP, or
  - (c) any person who exercises control over the management of the company or LLP.
- (2) For the purposes of subparagraph (1), a person shall have “**control**” if:
  - (a) in relation to a company, such person:
    - (i) holds, directly or indirectly, more than 10% of the company’s shares;
    - (ii) holds, directly or indirectly, more than 10% of the voting rights in the company; or
    - (iii) holds the right, directly or indirectly, to appoint or remove a majority of the board of directors of the company;
  - (b) in relation to an LLP, the person, holds, directly or indirectly, more than 10% of the voting rights in the conduct and management of the LLP;
- (3) In these Regulations, “**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 10% share of the capital or profits of the partnership or more than 10% of the voting rights in the partnership.
- (4) In any case where a listed company is deemed to be a beneficial owner, it shall be treated as a natural person for the purposes of these Regulations, and therefore (for the avoidance of doubt) as the beneficial owner of the ADGM Person.
- (5) For the purposes of subparagraphs (1) and (4), 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.

**2. Meaning of beneficial owner: trusts**

- (1) In these Regulations, “**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:

- (a) the settlor;
- (b) any other trustee(s) aside from the ADGM Person;
- (c) the beneficiaries;
- (d) where the natural persons (or some of the natural persons) benefiting from the trust have not been determined, the class of persons in whose main interest the trust is set up, or operates; and
- (e) any person who has control over the trust,

unless the ADGM Person also satisfies any of the criteria in sub-paragraphs (a) to (c) of paragraph 1.(1), in which case it must also comply with and provide the information required by the provisions of these Regulations that apply to persons satisfying such criteria.

- (2) In subparagraph (1)(e) above, “**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:
  - (a) dispose of, advance, lend, invest, pay or apply trust property;
  - (b) vary or terminate the trust;
  - (c) add or remove a person as a beneficiary or to or from a class of beneficiaries;
  - (d) appoint or remove trustees or give another person control over the trust; and
  - (e) direct, withhold consent to or veto the exercise of a power mentioned in sub-paragraphs (a) to (d).
- (3) 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 in which case sub paragraphs (4) and (5) of paragraph 1.(1) shall apply.

### **3. Meaning of beneficial owner: foundations or similar arrangements**

- (1) In these Regulations, “**beneficial owner**”, in relation to a foundation or other legal arrangement similar to a trust, means:
  - (a) the founder;
  - (b) the foundation council members (except council members that are ADGM registered corporate service providers);
  - (c) the guardian, if any; and

- (d) the beneficiaries (if named) or designee (if no beneficiaries are named).
- (2) Where any of the positions listed in subparagraph (1) are fulfilled by a company, LLP or partnership, the requirements to identify the natural person(s) who are the beneficial owners of such persons shall apply.
- (3) A person shall have “**control**” in relation to a foundation if such person:
  - (a) holds, directly or indirectly, more than 10% of the voting rights in the conduct and management of the foundation;
  - (b) holds the right, directly or indirectly, to appoint or remove a majority of the officials of the foundation;
- (4) 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 in which case sub paragraphs (4) and (5) of paragraph (1) shall apply.

#### **4. Shares or rights held “indirectly”**

- (1) A person holds a share or right “indirectly” if the person has a majority stake in a person and that person is part of a chain of persons:
  - (a) each of which (other than the last) has a majority stake in the person immediately below it in the chain; and
  - (b) the last of which holds the share or right.
- (2) For these purposes, A has a “majority stake” in B if:
  - (a) A holds a majority of the shares or voting rights in B;
  - (b) A is a member of B and has the right to appoint or remove a majority of the board of directors of B;
  - (c) A is a member of B and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in B; or
  - (d) A has the right to exercise, or actually exercises, dominant influence or control over B.

#### **5. Joint interests**

If two or more persons each hold a share or right in an ADGM Person or other legal entity jointly, each of them is treated as holding that share or right.

#### **6. Joint arrangements**

- (1) If shares or rights in an ADGM Person or other legal entity held by a person and shares or rights in the same person or other entity held by another person are the



subject of a joint arrangement between those persons, each of them is treated as holding the combined shares or rights of both of them.

- (2) A “**joint arrangement**” is an arrangement between the holders of shares (or rights) in an ADGM Person or other legal entity that they will exercise all or substantially all the rights conferred by their respective shares (or rights) jointly in a way that is pre-determined by the arrangement.
- (3) “**arrangement**” includes:
  - (a) any scheme, agreement or understanding, whether or not it is legally enforceable; and
  - (b) any convention, custom or practice of any kind.

## **7. Calculating shareholdings**

A reference in these Regulations 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 10% of the shares” in that ADGM Person or other legal entity is to holding a right or rights to share in more than 10% of the capital or, as the case may be, profits of that person or other entity.

## **8. Voting rights**

- (1) A reference to the voting rights in an ADGM Person or other legal entity is to the rights conferred on its shareholders in respect of their shares (or, in the case of an entity not having a share capital, on its members or officers) to vote at general meetings of the ADGM Person or other entity on all or substantially all matters.
- (2) In relation to an ADGM Person or other legal entity that does not have general meetings at which matters are decided by the exercise of voting rights:
  - (a) a reference to exercising voting rights in the ADGM Person or other legal entity is to be read as a reference to exercising rights in relation to a person or entity that are equivalent to those of a person entitled to exercise voting rights in a company; and
  - (b) a reference to exercising more than 10% of the voting rights in the ADGM Person or legal entity is to be read as a reference to exercising the right under the constitution of the ADGM Person or entity to block changes to the overall policy of the entity or to the terms of its constitution.
- (3) In applying these Regulations, the voting rights in an ADGM Person or other legal entity are to be reduced by any rights held by the person or entity itself.

**9. Rights to appoint or remove members of the board**

A reference to the right to appoint or remove a majority of the board of directors is to the right to appoint or remove directors holding a majority of the voting rights at meetings of the board on all or substantially all matters.

**10. Shares held by nominees**

A share held by a person as nominee for another is to be treated for the purposes of these Regulations as held by the other (and not by the nominee).

**11. Rights treated as held by person who controls their exercise**

- (1) Where a person controls a right, the right is to be treated for the purposes of these Regulations as held by that person (and not by the person who in fact holds the right, unless that person also controls it).
- (2) A person “**controls**” a right if, by virtue of any arrangement between that person and others, the right is exercisable only:
  - (a) by that person;
  - (b) in accordance with that person’s directions or instructions; or
  - (c) with that person’s consent or concurrence.

**12. Rights exercisable only in certain circumstances**

- (1) Rights that are exercisable only in certain circumstances are to be taken into account only:
  - (a) when the circumstances have arisen, and for so long as they continue to obtain; or
  - (b) when the circumstances are within the control of the person having the rights,but rights that are exercisable by an administrator, administration manager or by creditors while an ADGM Person or other legal entity is in relevant insolvency proceedings are not to be taken into account even while the person or other entity is in those proceedings.
- (2) For the purposes of subparagraph (1), an ADGM Person or other legal entity is in “**relevant insolvency proceedings**” if:
  - (a) a liquidator (provisional or otherwise) has been appointed to act;
  - (b) in the case of a company;
    - (i) an administration order has been made within the meaning of the Insolvency Regulations 2015; or

- (ii) a delegation to creditors or a committee of creditors has been made; or
  - (c) in the case of an LLP, an administration order has been made within the meaning of the Insolvency Regulations 2015;
  - (d) in the case of a foundation, there has been a bankruptcy, insolvency or liquidation of a beneficiary within the meaning of the Foundations Regulations;
  - (e) in the case of a trust, there has been a revocation of the trust; or
  - (f) it is in proceedings under the insolvency law of another country or territory during which the entity's assets and affairs are subject to the control or supervision of a third party or creditor.
- (3) Rights that are normally exercisable but are temporarily incapable of exercise are to continue to be taken into account.

**13. Rights attached to shares held by way of security**

- (1) Rights attached to shares held by way of security provided by a person are to be treated for the purposes of these Regulations as held by that person:
- (a) where apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights are exercisable only in accordance with that person's instructions; and
  - (b) where the shares are held in connection with the granting of loans as part of normal business activities and apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights are exercisable only in that person's interests.

**14. Interpretation**

- (1) For the purposes of this Schedule, expressions have the same meanings as prescribed under section 26 of these Regulations.
- (2) Any reference in these Regulations to an enactment is a reference thereto as from time to time amended, re-enacted (with or without modification), extended or applied.