



Beneficial ownership disclosure workbook

Exploring the extent of information disclosure

Version 1

June 2021

How to use this resource

This booklet provides fictional company ownership and control scenarios. Each scenario is described with a diagram and narrative, alongside some 'Points for consideration'. These scenarios are designed to help you explore the extent of information disclosed when a company (a 'declaring company') is required to make a beneficial ownership declaration.

The declaring company is assumed to be registered domestically. This domestic jurisdiction is designated by the fictional flag shown below.

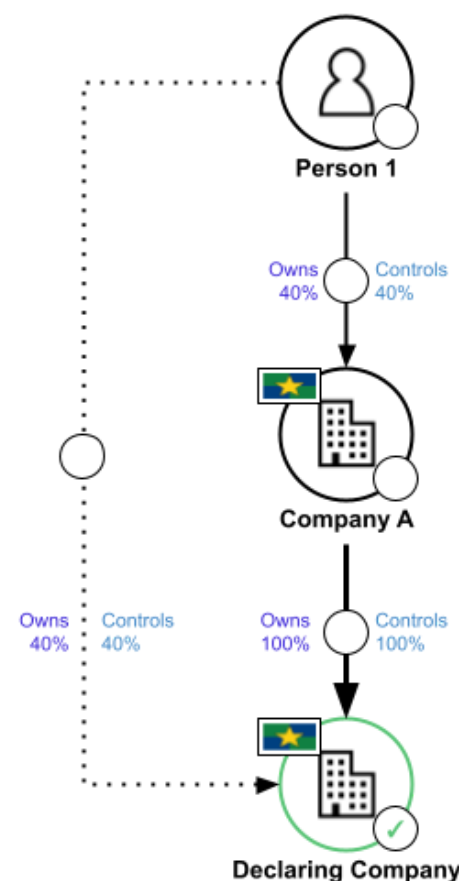


See the Key on page 8 for full details of the elements used in diagrams.

There are various ways you can use the scenarios. You might use the 'Points for consideration' to approach each scenario. Alternatively, you may have particular issues that you wish to explore or explain, such as: what information about intermediary companies needs to be disclosed, or what is the impact of setting thresholds (see the 'Example use of scenario' below). Finally, you might take the scenarios and modify them (changing ownership levels, adding other persons etc.) to examine further issues.

We provide an example scenario here with just one illustration of how it might be used in practice.

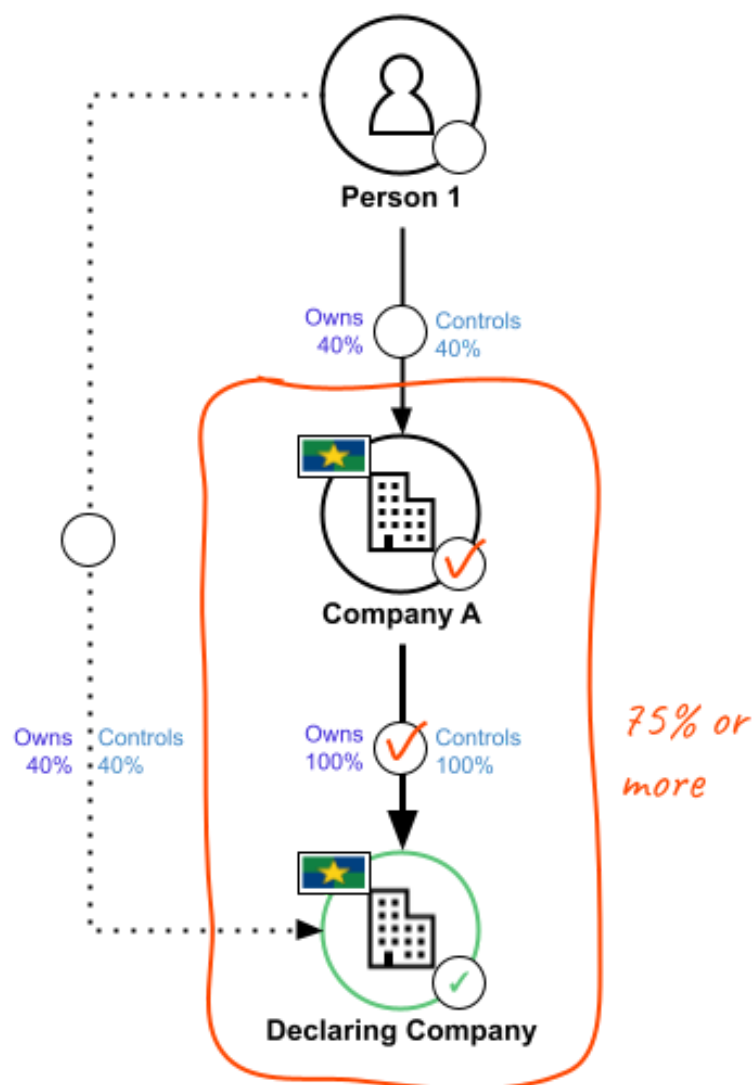
Example scenario



Narrative

Person 1 indirectly controls 40% of the declaring company. They do that via a 40% holding in the parent company, Company A. Company A is also domestically registered

Example use of scenario



A regulator outside the UK wants to explain their understanding of the UK's beneficial ownership declaration requirements to a colleague.

The UK has a Persons of Significant Control (PSC) register where significant control or ownership of domestic companies is recorded. Ownership or control (direct or indirect) of over 25% of a UK company is always considered significant.¹

The regulator and their colleague examine the scenario and establish that both companies are registered in the UK (the fictional flag acts as a placeholder). They work from the declaring company at the bottom of the diagram, upwards through the ownership chain, deciding which individuals and companies would need to be included in its UK PSC declaration.

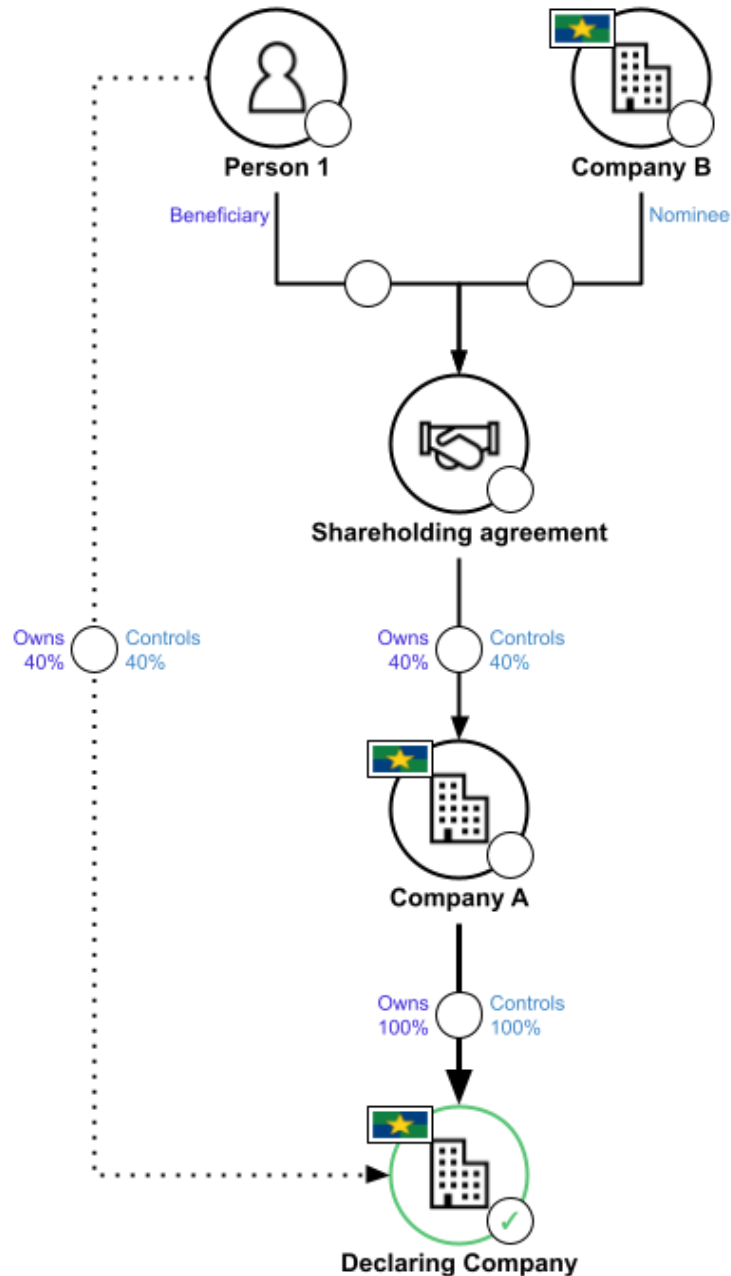
Scribbling over their copy of the diagram, the regulator explains that, according to the UK's legal framework, the declaring company would only need to disclose Company A in its declaration: as Company A is a 'registrable relevant legal entity'² holding '75% or more' of shares and voting rights. Person 1 would not be disclosed as a PSC by the declaring company. Person 1 would be declared as a PSC of Company A in its declaration.

¹ *Register Of People With Significant Control: Guidance For People With Significant Control Over Companies*, Version 3 (2017).

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/753028/170623_NON-STAT_Guidance_for_PSCs_4MLD.pdf. Accessed: 19th April 2021.

² Ibid.

Scenario A



Narrative

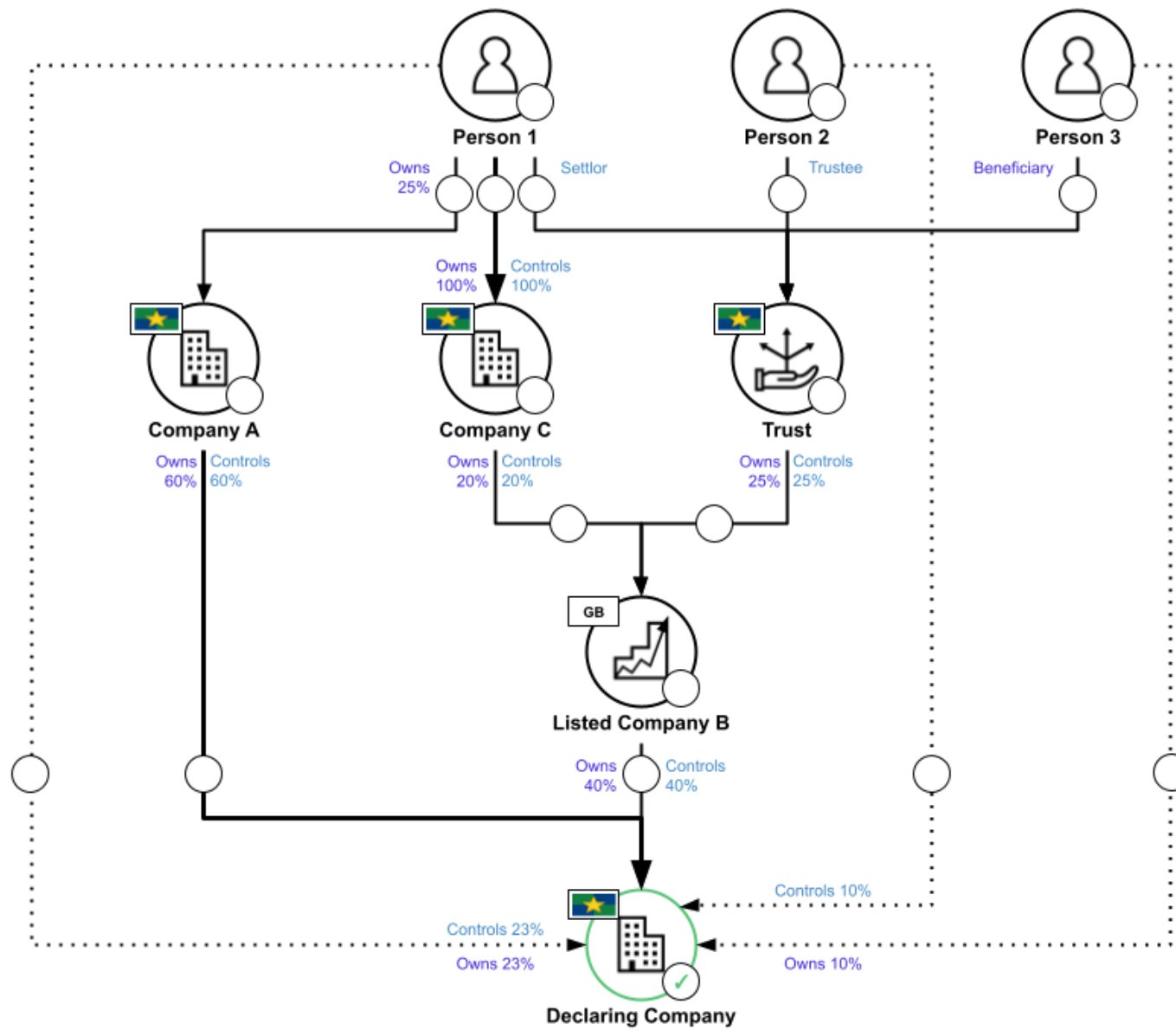
Person 1 indirectly controls 40% of the declaring company's shares (and attached voting rights). This indirect control is via a shareholding agreement by which a

nominee, Company B, holds 40% of Company A's shares on behalf of Person 1. Company A itself has full ownership of the declaring company.

Points for consideration

- Under domestic declaration requirements, is Person 1 considered a beneficial owner of the declaring company? If so, would they be disclosed as such by the declaring company?
- If Person 1 is considered a beneficial owner under domestic declaration requirements, how much information about Company B and Company A (and their holdings in relation to the declaring company) is required to be disclosed by the declaring company?
- What would be the consequences of Person 1 not being declared a beneficial owner of the intermediary, Company A?
- If Company A were registered in a foreign jurisdiction would the declaring company's declaration look the same (compared to its being domestically registered)? What if Company B were registered in a foreign jurisdiction?
- If Company A only held a controlling interest of 60% in the declaring company, would Person 1 be considered a beneficial owner of the declaring company?

Scenario B



Narrative

Persons 1, 2 and 3 have an indirect relationship with the declaring company: there are a number of intermediate entities.

Company A is registered in the same jurisdiction as the declaring company and directly holds 60% of its shares. Person 1 has a 25% stake in Company A. The other 40% of the declaring company's shares are held by Company B which is a UK-registered public limited company with shares trading on a regulated UK market.

Via a further, domestically-registered company (Company C), Person 1 owns 20% of the stock of Company B. A further 25% of Company B's stock was owned by Person 1 but is now settled in a trust arrangement, under local law. The trustee of the arrangement is Person 2. Person 3 is the beneficiary of the Trust. The details of the trust arrangement are confidential.

Via their holdings in Companies A and C, Person 1 has 23% of the declaring company's shares. Person 2 controls a 10% stake in the declaring company, for the benefit of Person 3.

Points for consideration

- Which of the individuals (Person 1, Person 2, Person 3) should be declared as beneficial owners of the declaring company, under domestic requirements?
- Do any of those individuals have a legal responsibility to notify the declaring company of their beneficial ownership.
- If an individual were declared as a beneficial owner, how much information would be disclosed about intermediary companies and relationships?
- If Person 3 were a relative of Person 1 would this affect what is declared?
- If Person 1 were the settlor and beneficiary of the trust, would this affect what is declared?

Key



Company



Direct interest (control or ownership relationship)



Listed Company



Indirect interest



Trust



Nature or strength of interest



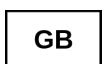
Agreement (informal or legal)



Collect information about this person, entity or interest



Jurisdiction: domestic country



Jurisdiction: Great Britain