

Beneficial Ownership: Branches of Non-QFC Companies

The Qatar Financial Centre Authority (“QFCA”) is committed to ensuring and enhancing transparency by adhering to the legislation on Anti-Money Laundering and Combating Financing of Terrorism. In line with this commitment and as a part of its duty in setting up different legal persons or legal arrangements in the Qatar Financial Centre (“QFC”), the QFCA also has the responsibility for gathering Basic Information regarding such legal persons or legal arrangements and identifying their ultimate beneficial owners. It is the responsibility of the legal persons or legal arrangements registered with the QFC, to maintain at its Registered Office, a Register of Basic Information, a Register of Beneficial Owners and a Register of Nominees (if applicable), in addition to any other Register required to be maintained under any QFC Regulations and Rules.

This document is intended to assist QFC Firms in understanding the main features of the Beneficial Ownership regime relating to a Branch of Non-QFC Companies (hereinafter referred to as the “Branch”) incorporated in the QFC.

General Rule 8A of the QFC Authority Rules (the “Rule”) sets out the primary obligations in respect of Ultimate Beneficial Ownership and other related matters for all QFC Firms. As such, the Branch is strongly advised to understand and familiarise itself with the provisions of the Rule as relying on this document alone may not be sufficient to ensure compliance with all the obligations under that Rule.

OBLIGATIONS UNDER FROM THE BENEFICIAL OWNERSHIP REGIME OF THE QFCA (I.E. RULE 8A)¹

When making an application for registration in the QFC and whenever there is change in control, the Entity is required to identify and verify the identity of the Ultimate Beneficial Owners (“UBO”) of the Non-QFC Company (as defined in the QFC’s Companies Regulations). It is also required to hold registers of its UBO Information and Basic Information. Where the Non-QFC Company has nominees, the Branch must also have a Register of Nominees.

It is important to keep these registers updated at all times as the QFCA may request access or copy of any (or all) of them. Changes to any UBO Information on UBOs and others must be reported in accordance with the relevant provisions of the QFCA Rules.

¹ It should be noted that there are many other obligations on QFC Entities that are included in various Rules and Regulations of the QFC. This is merely a note of some of the obligations in Rule 8A which captures the main regime for beneficial ownership in the QFC.



(A) BASIC INFORMATION

What is Basic Information?

Basic Information means the following information relating to the Branch:

1. Name of the Branch;
2. Name of the Non-QFC Company;
3. Proof of registration of the Entity (example: certificate of incorporation);
4. Proof of registration of the Non-QFC Company (example: certificate of incorporation);
5. Legal form and status of the Branch (e.g., Branch);
6. Legal form and status of the Non-QFC Company (e.g., LLC);
7. Address of the principal place of business of the Branch;
8. Registered office address or address of principal place of business of the Non-QFC Company;
9. Basic regulating power of the Non-QFC Company (example: Articles of Association);
10. Name of the Principal Representative of the Branch;
11. List of the directors of the Non-QFC Company;
12. List of members or shareholders of the Non-QFC Company;
13. Number of shares held by each shareholder or member of the Non-QFC Company;
14. Categories/ classes of shares (if any) held by each shareholder or member of the Non-QFC Company, with details of class rights; and
15. Voting rights associated with the shares held by each member or shareholder of the Non-QFC Company.

When should the Basic Information be submitted with the QFCA?

The Branch needs to provide the Basic Information at the time of making an application for registration in the QFC and whenever requested by the QFCA or in accordance with the QFC Rules and Regulations. This information may change during the life of the Branch, so it is important that the Branch maintains, at its registered office, a Register of Basic Information which must be to the best of its knowledge, adequate, accurate and up-to-date.



(B) BENEFICIAL OWNERSHIP

What is Beneficial Ownership?

Beneficial Ownership is a term that is used to determine the natural person(s) who ultimately owns or controls a certain legal person or legal arrangement. For instance, the shareholder of a given Non-QFC Company may be its direct owner, but that shareholder may be owned or controlled by another corporate entity or vehicle which in turn may be owned by a natural person. It is this natural person who is the Ultimate Beneficial Owner (“**UBO**”) of the Non-QFC Company.

Thus, the chain of ownership will need to be determined up until the natural person(s) who is the UBO of the Non-QFC Company is identified. As such, the Beneficial Ownership regime tracks through several layers of the Non-QFC Company’s legal/corporate and natural owners to determine the UBO. In the QFC, UBO is determined according to a set of criteria that is established under the Rule.

How is the UBO of the Non-QFC Company determined?

A UBO in respect of a Non-QFC Company is a natural person who:

1. holds or controls, or is entitled to hold or control, directly or indirectly, or by any other means, including acting in concert with one or more persons, 20% or more of the Non-QFC Company’s shares;
2. holds or controls or is entitled to hold or control, directly or indirectly, or by any other means, including acting in concert with one or more persons, 20% or more of the voting rights in the Non-QFC Company;
3. holds or controls or is entitled to hold or control, directly or indirectly, including through contractual arrangements or by any other means, including acting in concert with one or more persons, the right to appoint or remove a majority of the board of directors of the Non-QFC Company; or
4. has the right to exercise, or actually exercises by any means, control over the management of the Non-QFC Company.

Where any of the above roles are fulfilled by a legal person (including legal arrangements), the Entity must identify the natural person(s) who ultimately exercise control over such legal person(s) as the UBO. It is important that the Entity traces through all the legal persons or legal arrangements in order to determine and identify the natural person that is the UBO of the Entity.

Please see General Rule 8A of the QFCA Rules for information on how a UBO is determined.



What is Beneficial Owner (“BO”) Information?

The Branch must provide to the QFCA the following BO Information about the UBO:

1. full name as it appears on that person’s passport or other government–issued national identification document;
2. place and date of birth;
3. nationality (or, where that person has more than one nationality, each nationality);
4. identifying number, country of issue, date of issue and of expiry, as set out in that person's passport or other government–issued national identification document;
5. residential address and, if different, an address appropriate for service of notices;
6. the date that the person became and/or ceased to be a BO;
7. any percentage specified under the Rule that is held or controlled by that person and the date of any change to such percentage;
8. if control is exercised through means other than direct or indirect ownership of shares or control of voting rights in the relevant QFC Entity, a brief description of the basis on which such person exercises its control; and
9. the date on which the Register of Beneficial Owners was last updated.

(C) NOMINEES

Financial Action Task Force (FATF), the global standard setter and policymaking and an enforcement body in the field of combating money laundering, terrorism financing and other threats to the international financial system in the Interpretive Note² to its Recommendation 24, explicitly provides that “...countries that have legal persons that ...allow nominee shareholders or nominee directors, should take effective measures to ensure that they are not misused for money laundering or terrorist financing”.

In the same Interpretive Note, countries are required to take measures to prevent the misuse of nominee shareholders and directors by, for example, requiring nominee shareholders and directors to disclose the identity of their nominator to the Entity and to the relevant company registry and this information to be included in the relevant register³.

In addition to the above requirements, the Rule requires Nominee Shareholder and Nominee Director of the Non-QFC Company to disclose the identity of their Nominator to the company. The Branch in turn is required to update the information in its Register of Nominees and include in their filings to the QFCA.

² <https://cfatf-gafic.org/index.php/documents/fatf-40r/390-fatf-recommendation-24-transparency-and-beneficial-ownership-of-legal-persons>

³ <https://cfatf-gafic.org/index.php/documents/fatf-40r/390-fatf-recommendation-24-transparency-and-beneficial-ownership-of-legal-persons> (See under Section D)



Who is a Nominator?

Nominator means one or more individuals or legal persons that issue directions, instructions or wishes (directly or indirectly) to a nominee to act on their behalf in the capacity of a director or a shareholder.

Who is a Nominee Director?

Nominee Director means a person, natural or legal that acts as a director on behalf of a Nominator or in accordance with the directions, instructions or wishes of a Nominator.

Who is a Nominee Shareholder?

Nominee Shareholder means a person, natural or legal, registered as a shareholder on behalf of a Nominator or acting on the directions, instructions or wishes of a Nominator.

What are the obligations of a Nominee Director and Nominee Shareholder?

A Nominee Director and Nominee Shareholder must:

- (i) inform the Entity of the fact that it is a Nominee Director or Nominee Shareholder (as the case may be);
- (ii) where it is a legal person or legal arrangement, provide the BO Information about its UBOs;
- (iii) provide the Entity with information to identify the Nominators; and
- (iv) provide details of the natural persons qualifying as Beneficial Owners of such legal persons on whose behalf the Nominee Director or Shareholder acts as nominee.

How should a Branch provide the Beneficial Owner and Nominee Particulars to the QFCA (including updating existing information)?

The Branch should complete and submit UBO Forms Part 1 and 2 along with the supporting documents. These Forms are available as interactive PDF files on the QFC Client portal which can be accessed by the Entity by clicking on the following link: <https://eservices.qfc.qa/Login/Login.aspx>.

