

GUIDANCE ON SUBMISSION OF

DECLARATION OF THE BENEFICIAL OWNER

This document is intended to provide an overview of submission of Declaration of the Beneficial Owner from a perspective of “Law No. (1) of 2020 on the Unified Economic Register” (Law) and its Implementing Regulations. It does not replace the Law and Implementing Regulations in any way, nor does it remove the need for an investor to seek its own professional advice if it considers this to be prudent.

A Beneficial Owner

Beneficial owner is the natural person(s) who effectively and ultimately owns or controls a legal person or legal arrangement (Express Trusts or any other similar arrangements), or the natural person on whose behalf transactions are being conducted. It also includes any person who exercises ultimate and effective control over a legal person or legal arrangement.

B Identifying Beneficial Owners of the Free Zone Entities

The beneficial owner(s) of the Free Zone Entities shall be identified as follows:

- a) A natural person (s) who directly or indirectly, owns a controlling ownership interest equivalent to or greater than 20% of the company's capital or voting rights.
- b) Where no beneficial owner is identified, or where there is doubt as to whether the natural person(s) with the controlling ownership interest is the beneficial owner under (a) above, or where no natural person exerts control through ownership interests or voting rights, the Free Zone Entities shall identify the natural person (s) exercising de facto or legal control over the Free Zone Entity through any means, whether directly or indirectly, over the executives, the General Assembly, or the operations of the Free Zone Entities, by identifying the content of the decisions adopted by the General Assembly due to the voting rights they dispose of or for being a shareholder or partner, with the power to appoint or remove the majority of the members of the management, operate or control the Free Zone Entity, or any other control instruments.
- c) Where no beneficial owner is identified under (a) or (b) above, the beneficial owner shall be the natural person who holds the capacity of legal representation of the Free Zone Entity in conformity with the regulating enforceable legislation.

If Non-Profit Organizations (NPO)

- a) A natural person (s) exercising effective and ultimate de facto or legal control, through any means, direct or indirect, in a NPO.
- b) Where no beneficial owner is identified under (a) above, the Beneficial Owner will be the natural person who holds the position of a legal representative of the NPO, in conformity with the regulating enforceable legislation.

Non- Profit Organizations will include, Private Associations and Foundations, Charitable Private Associations and Foundations, Private foundations for public benefit, or any other non-profit entity.

If Legal Arrangements:

- a) For express trusts: the identity of the founder of the legal arrangement, the trustee, the protector (if any), and the beneficiaries or class of beneficiaries, and any other natural person exercising by any means, directly or indirectly, ultimate effective control over the trust.
- b) For similar types of arrangements: the identity of natural persons in equivalent or similar positions or the legal person(s) exercising de facto or legal control, through any means, whether directly or indirectly over the legal arrangement.

Legal Arrangement will include:

- i. Charitable endowment: the benefits of which are originally allocated for good deeds.
- ii. Family endowment: the endowment shall be for the actual endower, his descendants, or both of them, or any other person(s), their descendants or of all of them, provided that the endowment shall be in all cases for specific good deeds.
- iii. Joint endowment: the benefits of which are for charitable and family purposes.
- iv. Bequest to a charitable, family or joint endowment.
- v. Bequest to acts of good deeds and charity.

C Maintaining Special Register

The Free Zone Entities will identify their beneficial owners, in conformity with the adopted documents, information or data that must be kept updated and maintained at all time in the Special Register (Register).

Such Register shall be kept, with all the supporting documents in a safe place at the registered office of the Free Zone Entity, to safeguard their confidentiality and security.

D Updating the Special Register

Any information required in relation to the beneficial owner, made on a declaration form and kept in the Special Register will be held accurate and current.

In case of any change made to the required information, the Free Zone Entities will obtain all relevant documents evidencing any changes made to the required information and update such information in the register they hold.

The Free Zone Entities must inform the Qatar Free Zones Authority (Authority) of any changes made to the required information and must provide an updated Register no later than thirty (30) days from the date of receiving the relevant documents evidencing such change.

In case the evidentiary documents in relation to the changes stated in the previous paragraph cannot be obtained for any reason, the Free Zone Entities must inform the Authority of the changes as well as of the reasons for such changes no later than ninety (90) days from the date of their knowledge of the changes made to the required information.

Note: As per Article 49 of the Companies Regulations Free Zone Entity must obtain written consent from the Authority prior to any assignment or transfer (directly or indirectly) of benefit or interest in or any change (directly or indirectly) of Control or shareholding in a Company or an Originating Company.

E Submission of Declaration of the Beneficial Owner

A declaration of the Beneficial Owner must be submitted to the Authority with the prescribed form during below circumstances:

- a) Registration or Licensing
- b) Any amendment to the shareholding/ ownership/ control (direct or indirect)
- c) Annual renewal of the Licence

The applications will not be accepted if the Declaration of the Beneficial Owner is not attached or is incomplete. If the Declaration of the Beneficial Owner is not made, or the declaration submitted is incomplete, applicant shall be called upon by any written evidentiary means to submit or complete the declaration no later than three (3) days from the date of the application; otherwise, the application will be rejected.

- d) Any changes made to the required information of Special Register and Declaration of the Beneficial Owner.

The Free Zone Entities must inform the Authority of any changes made to the required information and must provide an updated Register no later than thirty (30) days from the date of receiving the relevant documents evidencing such change.

Declaration of the Beneficial Owner must be submitted by:

- a) A legal person or a legal arrangement who applies for a Licence under Licensing Regulations
- b) The Free Zone Entities

F Required information in the Declaration of the Beneficial Owner and Special Register

The required information to be included in the beneficial owner declaration and held in the Special Register, shall at least include the following:

1. Full name of the beneficial owner as mentioned in the identity card, passport or other identity document.
2. Place and date of birth.
3. Nationality/nationalities if the beneficial owner has more than one nationality.
4. Address as mentioned in the identity card or passport.
5. Qatar Identity Card number for Qatari nationals and residents of the State of Qatar.
6. Passport number for expats whether residing or not in the State of Qatar.
7. Issuance and expiry date of the identity cards and passports.
8. Date on which the person became a beneficial owner.
9. Ratio of the controlling ownership interest in the capital of the company or in its voting rights and any amendment that may take place thereto.
10. If the beneficial owner exercises control by any means other than by a direct or indirect ownership of the company's share capital or voting rights, the basis and the means used by the beneficial owner to exercise effective and ultimate control must be indicated.
11. Indication of the basis and means used by the beneficial owner to exercise direct or indirect effective or legal control over the legal arrangement or NPO.
12. Date of the last update made to the Register of all the relevant information pertaining to the beneficial owners.

G Documents to be filed along with Declaration of the Beneficial Owner

The QFZA has provided a Declaration of the Beneficial Owner form which should be filed along with the following:

- a) Ownership Structure (template of the Structure is attached)
- b) All documents evidencing Ownership structure and beneficial Owner / de facto controller (eg. shareholders list/ registry extract, constitutional documents etc.)
- c) Passports copy of the Beneficial Owners / Key controllers
- d) Copy of Qatari Residence Permit (QID) of the beneficial Owners (if applicable)
- e) Copy of the Special Register

[all the above-mentioned documents need to be certified by the manager of the Free Zone Entity]

[When submitting the application for license or registration, a copy of the Register shall be submitted no later than ten (10) days from the date of the application.]

H Compliance

The Authority will monitor the compliance of the concerned parties with their obligations.

The Authority may perform onsite visits to examine any necessary documents, data or information, and take relevant copies when appropriate. It will ask at any time legal persons and legal arrangements to submit the following:

1. A copy of the Special Registry to verify the authenticity of the declared data.
2. All documents evidencing the required information pertaining to the beneficial owners,
3. Changes made to the required information and any evidence of the update made to the relevant register.
4. Any information or documents other than the required information that the Authority may deem necessary to identify the beneficial owner or to clarify the basis for the supervisory and control instruments.

I Administrative actions in case of contravention

Without prejudice to a more severe penalty stipulated in any other law, the Authority may impose, in case it is evidenced that any registered or licensed entity has violated the provisions of Law No. (1) of 2020 on the Unified Economic Register and its Implementing Regulations, one or more of the following measures:

1. Ordering regular reports on the corrective measures taken,
2. Ordering compliance with specific instructions,
3. Sending written warnings,
4. Suspending Managers, directors, board members of the Free Zone Entities, on temporary basis and for a period not exceeding one (1) year,
5. Suspending the license, activity or continuation of work, on temporary basis and for a period not exceeding one (1) year,
6. Revoking the license or crossing out the entry from the register or striking-off the name, as the case may be.

The Authority will by any means, notify the concerned person, against whom any the procedures were taken, within seven (7) days.

J Procedure against the administrative actions

The person against whom the procedure was taken may petition the Authority, within fifteen (15) days from the date of notification.

The petition shall include the following in addition to the supporting documents, and the briefs:

- 1- The petitioner's full name, title, capacity and address,
- 2- The decision subject to the petition, date of issuance, date of notification of the petitioner or his knowledge thereof,
- 3- Grounds for petition,
- 4- The petitioner specific requests,
- 5- The relevant means for the petition to receive notifications.

The Authority will decide on the petition no later than thirty (30) days from the date of submission. The expiry of this period without a decision on the petition shall be considered an implicit rejection thereof.

K Penalties

As per Article 12 of Law No. (1) of 2020 on the Unified Economic Register, without prejudice to a more severe penalty stipulated in any other law, whoever contravenes the provisions of Article (5) of Law No. (1) of 2020 on the Unified Economic Register will be sentenced to imprisonment for a term not exceeding two (2) years and a fine not more than (500,000 QR) five hundred thousand Qatari Riyals, or any of these two penalties.

The legal person who contravenes the provisions of the Article (11) of Law No. (1) of 2020 on the Unified Economic Register shall be subject to the fine stipulated in the Article 12 of Law No. (1) of 2020 on the Unified Economic Register.