



Legal Update: New Regulations on Companies' Beneficial Ownership

Key Points:

1. The Companies (Beneficial Ownership) Regulations, 2023 have been introduced under the Companies Act, (CAP. 212).
2. These regulations aim to enhance transparency and combat money laundering and illicit financial activities.
3. Companies are now required to submit information about their beneficial owners to the Registrar of Companies.
4. The regulations outline the process for registering and disclosing beneficial ownership information, as well as the consequences for non-compliance.
5. It is crucial for companies to understand and comply with these regulations to avoid penalties and legal repercussions.

Full Article:

In a bid to promote transparency and combat money laundering and illicit financial activities, the Companies Act, (CAP. 212) has introduced the Companies (Beneficial Ownership) Regulations, 2023. These regulations, published under Government Notice No. 478 on 21st July 2023, aim to regulate the disclosure and registration of beneficial ownership information of companies.

Under the new regulations, companies are now required to submit detailed information about their beneficial owners to the Registrar of Companies. Beneficial ownership refers to individuals who have substantial economic interest, control, or benefits in a company. The regulations provide a clear definition of direct and indirect beneficial owners, as well as direct ownership and registered ownership.

To comply with the regulations, companies must take reasonable steps to identify their beneficial owners and enter the required particulars in their register of members and beneficial owners. Companies with direct beneficial owners are required to notify the Registrar within 30 days of the individual's name being entered in the register. On the other hand, companies with indirect beneficial owners must submit particulars of the beneficial owner within 30 days of the individual's name being entered in the register.

Any change in beneficial ownership must also be promptly reported. Companies must notify the Registrar of any changes in beneficial ownership, such as transfers of shares, changes in voting rights, or restructuring of share capital. Failure to submit the required forms and



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information within the prescribed time frame may result in late filing fees, as per the Companies (Fees Payable to the Registrar) Regulations.

The regulations also emphasize the importance of not using or disclosing beneficial ownership information, except for specific purposes. Companies are restricted from using or disclosing such information unless it is necessary for communication with the beneficial owner, compliance with legal requirements, court orders, or other written laws.

The Registrar of Companies will maintain a register of beneficial owners, containing the information provided by companies in accordance with the regulations. The information in the register will be accessible to competent authorities as prescribed by the Companies Act, upon written request to the Registrar.

Non-compliance with the new regulations can have serious consequences. The Registrar may refuse to register documents of a company if accurate and up-to-date beneficial ownership information is not provided. It is crucial for companies to keep accurate records, provide information on changes in beneficial ownership, and file declarations as required by the regulations. Failure to do so may result in fines ranging from five million to ten million shillings upon conviction.

It is essential for companies to understand and comply with the Companies (Beneficial Ownership) Regulations, 2023 to ensure transparency, and accountability, and avoid legal consequences. Seeking legal advice from qualified professionals can provide companies with the necessary guidance to meet these regulatory requirements.

ABC Attorneys Legal Disclaimer:

Please note that the following article provides general information about the new regulations and should not be considered legal advice.