

Legal Entities Will Have to Determine Their Beneficial Owners

Newsletter

November 15, 2016

Starting from December 21, 2016, legal entities will be obliged to determine and store information about their beneficial owners, pursuant to the amendments introduced into Federal Law No. 115-FZ dated August 7, 2001 “On Countering the Legalization of Illegal Earnings (Money Laundering) and the Financing of Terrorism”.

Please be reminded that a beneficial owner means an individual, who ultimately directly or indirectly (through third parties) owns more than 25% of the charter capital of a legal entity or can otherwise exercise control over its actions.

For more details on the amendments, see the Mosgo & Partners newsletter.

1. THE NATURE OF THE OBLIGATION

Legal entities must:

- ▶ **possess information about the beneficial owners and take measures** to determine the beneficial owners, which are reasonable and adequate given the circumstances (if the legal entity fails to obtain the required information);
- ▶ **at least once a year, update** the information about the beneficial owners;
- ▶ **store the** information about the beneficial owners for at least five years;
- ▶ **provide to the competent authorities upon their request** the information about the beneficial owners or the measures taken to determine them.

In turn, the company’s participants (shareholders) must provide the legal entity with the information necessary to determine the beneficial owners.

2. THE COMPANIES FALLING UNDER THE OBLIGATION

The obligation to determine beneficiaries shall apply to all legal entities, except for:

- ▶ state and municipal bodies, institutions, state non-budgetary funds, state-owned corporations and organizations with capital more than 50% of which is owned by the Russian Federation, territorial subdivisions of the Russian Federation or municipalities;
- ▶ international organizations, foreign states, their territorial subdivisions with separate legal personality;
- ▶ listed issuers of securities subject to disclosure requirements set forth in the securities legislation of the Russian Federation;
- ▶ foreign companies listed on foreign stock exchanges, which are included in the list of the

Central Bank of Russia.

3. INFORMATION ABOUT BENEFICIARIES

Companies must determine the following information about the beneficiaries:

- ▲ full name;
- ▲ date of birth;
- ▲ nationality;
- ▲ passport data;
- ▲ address;
- ▲ taxpayer identification number (if any);
- ▲ migration card information;
- ▲ information about the document granting the right of stay (residence) in Russia, *e.g.* the residence permit or the temporary stay permit.

4. LIABILITY

The new Article 14.25.1 of the Administrative Offences Code of the Russian Federation provides for an administrative fine of up to RUR 40,000 for the company's officials and up to RUR 500,000 for legal entities for violations of the obligation to determine, update, store or provide information on the beneficial owners.

5. RECOMMENDATIONS

The information regarding the beneficial owners should be stored at the location of the company's sole executive body. If the company fails to determine the required information, we recommend that the company send a formal written inquiry to the shareholders and keep its copy and the mailing confirmation. The responses of shareholders should also be kept in the company's records.

MOSGO & PARTNERS LAW FIRM

Tel.: +7 (495) 228 48 78
info@mosgolaw.com
www.mosgolaw.com

All newsletters of Mosgo & Partners are available on our [website](#) and [LinkedIn](#).

This newsletter shall not be viewed as legal advice. It is prepared for educational and informational purposes only. Mosgo & Partners is not responsible for any consequences of reliance on the information contained in this newsletter without specific professional advice.

© Mosgo & Partners. Moscow, 2016.