

Doing Business in Qatar: How to Comply with the QFC Beneficial Ownership Procedures

May 20, 2022

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Like many jurisdictions around the world, the Qatar Financial Centre (QFC) has established compliance procedures that require legal entities registered or formed in the QFC to identify their ultimate beneficial owners (UBO). The purpose of beneficial ownership disclosure requirements is to increase transparency in business transactions and to curb illegal activity such as corruption and money laundering.

The QFC updated the QFC Authority Rules (QFCA Rules) in December 2021, which included amendments to its rules on beneficial ownership disclosures, bringing them into alignment with the updated QFC Anti-Money Laundering and Combating the Financing of Terrorism Rules (AML/CFTR). This article discusses the general requirements of beneficial ownership procedures and the changes made by the amended QFCA Rules.

Which Entities are Required to Comply with the UBO Rules?

Generally, all entities licensed or registered in the QFC are subject to the UBO reporting requirement, including a “body corporate, or body unincorporated, a branch, company, partnership, trust, unincorporated association or other undertaking, arrangement, government, or state,” unless exempted by the QFCA Rules. Exempt entities are as follows:

- Listed public companies trading in a market the QFCA considers subject to “adequate requirements” in relation to transparency of ownership information,
- Wholly or quasi-government owned entities, and
- Certain entities regulated by a financial services regulator recognized by the QFCA as applying equivalent standards of regulation as those applicable in the QFC.

Exempt entities are relieved from the UBO requirements, but must notify the QFCA of the category of exemption and provide such additional information as the QFCA may require.

What Constitutes a Beneficial Owner

The QFCA Rules broadly define the term “beneficial owner.” The following definition is of primary relevance for most entities operating in the QFC:

A beneficial owner is a person or entity that, with respect to a QFC entity:

1. holds or controls, directly or indirectly, at least 20% of the equity or voting rights;
2. holds or controls, directly or indirectly, (including through contractual arrangement or by other means), the right to appoint or remove a majority of the board of directors; or
3. has the right to exercise, or actually exercises, control over the management.

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What Information Must be Reported?

The following information on beneficial owners must generally be disclosed to the QFC:

- **For Individuals:** full legal name, place and date of birth, nationality, passport information, residential address.
- **For Entities:** full name, the jurisdiction of incorporation, registration authority, registration number, or other identifying details, the date of registration or establishment, address.

Which Supporting Documents Must be Submitted?

For any individual named in the UBO forms required to be submitted to the QFC, copies of the individual's passport and Qatar residency card (if applicable).

For every company named in the UBO forms required to be submitted to the QFC, copies of the company's certificate of incorporation and commercial registration (or equivalent).

What Are Additional UBO Obligations?

QFC entities subject to the UBO rules must maintain the following information at their registered office or principal place of business: 1) a register of beneficial ownership, and 2) a register of basic information, containing, at a minimum, the following:

- **Regarding the QFC Entity:** the QFC entity's name, proof of its incorporation or registration, its legal form and status, the address of its registered office, its basic regulating powers (such as articles of association or the memorandum of association), and the names of its directors.
- **Regarding the QFC Entity's Members/Shareholders:** a register of the QFC entity's shareholders or members, containing the names of the shareholders or members, number of shares held by each shareholder or member, the category or categories of shares held by each shareholder or member and the nature of any associated voting rights.

What is the Time Frame to Comply with UBO Requirements?

The information regarding beneficial ownership and basic information must be reported to the QFC Companies Registration Office (CRO) at the time of submitting an initial application for incorporation or registration and in the annual report of each QFC entity (to be submitted within 30 days from June 1 of each year). Each QFC entity must update its beneficial ownership and basic information registers within 30 days of any changes.