

## Disclosure of information on final beneficiaries

Updated article on the subject: Obligation to update ultimate beneficiary data in Ukraine

The Ukrainian Law "On Amendments to Several Legislative Acts Regarding Determining Ultimate Beneficiaries of Legal Persons and Public Office-Holders" came into force on November 25, 2014. This law is geared to fighting corruption and aims to create mechanisms that ensure transparent corporate ownership structures.

According to this law, the "final beneficiary" is a private individual who (directly or indirectly) exercises a decisive influence on a legal entity's management or activities irrespective of their participating interest, or who directly or indirectly holds an interest of 25% or more in the share capital.

The information on final beneficiaries is provided to the State Registrar and reflected in the commercial register (the Unified State Register of Legal Entities and Individual Entrepreneurs). The commercial register includes the final beneficiary's first name(s) and surname, patronymic name (if any), their nationality, passport details and tax number, as well as a directory of founders (shareholders) for the legal entity and information on its ownership structure. This serves to ensure that private individuals who hold an interest in this legal entity can be determined. Companies which were entered prior to the law coming into force are obliged to inform the State Registrar of the company's final beneficiaries within six months of the law coming into effect.

Political parties, copyright associations and their local representatives, bar associations, chambers of industry and commerce, state authorities and self-regulatory bodies are exempt from this obligation.

In addition, the law stipulates that agents, nominal holders (nominal owners) or brokers are not considered to be final beneficiaries of legal entities. At the same time, the legislators leave the question open as to who is to determine whether the person stated as the final beneficiary is the real or nominal owner.

The law also sets out the administrative liability for the legal entity's managing director or managing representatives for not presenting the information on the legal entity's final beneficiary to the State Registrar. This administrative penalty is set at between UAH 5,100.00 and 8,500.00 (or EUR 300 to 500).