

## inBrief



### Dubai Development Authority - UBO Requirements

By Bashir Ahmed and Saurbh Kothari | 9 July 2019

The Dubai Development Authority (**DDA**) (previously known as the Dubai Technology and Media Free Zone Authority (**TECOM**) and the Dubai Creative Clusters Authority (**DCCA**)) is the regulator of entities licensed to conduct business in Dubai Internet City, Dubai Media City, Dubai Knowledge Park, Dubai Outsource City, and other clusters regulated by the DDA.

The Federal Cabinet Decision 10 of 2019 on the Implementing Regulation of Federal Decree-Law 20 of 2018 on the Criminalisation of Money Laundering and Combating the Financing of Terrorism and the Financing of Unlawful Organisations (the **Cabinet Decision**) requires licensing authorities such as the DDA to identify the ultimate beneficial owners (**UBOs**) of businesses (**Free Zone Entities**) licensed by them. In response to this requirement, the DDA recently issued its Circular 323 regarding UBOs.

The DDA now requires all free zone companies (*i.e.* FZ-LLCs) and parent companies of branches licensed by the DDA to disclose details of their UBOs. A template of a form in which the details are required to be disclosed has been issued by the DDA (the **UBO Declaration Form**).

#### Definition of a UBO

As per the DDA's Circular 323, any individual who ultimately owns or controls 25 per cent or more of a Free Zone Entity, whether directly as a shareholder, or indirectly via control of companies, other entities or structures that control the Free Zone Entity, is an UBO. This definition of the UBO is broad enough to cover trust arrangements.

#### UBO information

The following information of a UBO is required to be disclosed to the DDA:

- (i) Full name
- (ii) Name of the company
- (iii) Date of birth

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- (iv) Nationality
- (v) Passport number
- (vi) Detailed residential address
- (vii) Percentage (%) shares in the free zone company/parent company of a branch licensed by the DDA

Note that the DDA may require submission of a passport copy, proof of residential address and other documents of a UBO.

### **Exception from providing UBO information**

In case a Free Zone Entity is a subsidiary or a branch of: (i) a company listed on a stock exchange; (ii) a government or government owned entity; or (iii) an entity registered and licensed in the UAE (outside the DDA's jurisdiction), the UBO information is not required to be submitted to the DDA. In such a case, the UBO Declaration Form is required to be submitted to the DDA stating that the Free Zone Entity satisfies one of the above conditions.

### **Deadlines**

As per the DDA's Circular 323, existing Free Zone Entities will be required to submit the UBO Declaration Form as part of their license renewal process at the next renewal date. New entities will be required to submit the UBO Declaration Form as part of the incorporation/licensing process.

If there are any changes in the UBOs of a Free Zone Entity, such a Free Zone Entity is required to notify the DDA of the changes.

### **Other licensing authorities in the UAE**

Apart from the DDA, many other free zones/licensing authorities in the UAE such as Dubai International Financial Centre, Abu Dhabi Global Market and Dubai Multi Commodities Centre already require submission of details of ultimate beneficial owners. It is likely that more and more free zones/licensing authorities will issue similar requirements in due course. ■

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