

Cabinet Decision No. 132/2023

On the Administrative Penalties to Be Imposed on the Violators of Cabinet Decision No. 109/2023 Concerning the Regulation of Beneficial Ownership Procedures

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Abrogates

Cabinet Decision No. 53/2021 dated 23/05/2021

The Council of Ministers:

Pursuant to the perusal of the Constitution;

Cabinet Decision No. 109/2023 on regulating Beneficial Ownership Procedures;

Cabinet Decision No. 53/2021 on the administrative fines to be imposed on the violators of Cabinet Decision No. 58/2020 concerning the regulation of Beneficial Ownership Procedures; and

Based on the proposal of the Minister of Finance and the Minister of Economy, and its approval by the Council of Ministers,

The following has been decided:

Article 1 - Definitions

In application of the provisions of this Decision, the following terms and expressions shall have the meanings assigned thereto, unless the context requires otherwise:

- State: The United Arab Emirates.
- Ministry: The Ministry of Economy.
- Minister: The Minister of Economy.
- Decree-Law: Federal Decree-Law No. (20) of 2018 on Combating Money Laundering and the Financing of Terrorism and Illegal Organisations, and its amendments.
- Implementing Regulation: Cabinet Decision No. (10) of 2019 on the Implementing Regulation of Decree-Law No. (20) of 2018 on Combating Money Laundering and the Financing of Terrorism and Illegal Organisations, and its amendments.
- Registrar: The authority having competence to supervise the register of trade names for various types of establishments registered in the State, including the licensing competence.
- Concerned Entities: The government authorities concerned with the implementation of any provision of the Decree-Law and the Implementing Regulation.
- Beneficial Owner: The natural person who ultimately owns or has control, or other indirect means, and such natural person on behalf of whom transactions are carried out or who has an effective final control over a juristic person, as determined in accordance with Article (5) of Cabinet Decision No. 109/2023.
- Nominal Director: Any natural person who acts in accordance with the directions, instructions or will of another person, and is officially appointed or holds a position at the juristic person. They usually represent shareholders, members or any other stakeholder.
- Senior Management: The decision-making authority of the juristic person.
- Register of Beneficial Owners: A special register for the Beneficial Owners of the juristic person, containing all their data.
- Register of Partners or Shareholders: A special register for the partners or the shareholders of the juristic person, containing all their data.
- Written Warning: An official announcement sent to the juristic person or its representative through legitimately available means.

Article 2 - Scope of Application

The provisions of this Decision shall apply to the juristic persons that are licensed and registered in the State including the non-financial free zones violating the provisions of aforementioned Cabinet Decision No. 109/2023.

Article 3 - Administrative Penalties

1- Notwithstanding any penalty or procedure stipulated in the Decree-Law and other relevant legislation, the Registrar may impose the administrative penalties applicable against the violators of the provisions of Cabinet Decision No. (109) of 2023, based on the violations and penalties prescribed in the Schedule attached to the present Decision.

2- In addition to the fine prescribed for violations committed for the third time as mentioned in the Schedule attached to this Decision, the Registrar may suspend the commercial licence and close the commercial store of the violating juristic person, provided that the suspension is lifted once said juristic person pays the fine prescribed for the violation and corrects it by fulfilling the necessary requirements violated.

Article 4 - Amendment of Fines

The Council of Ministers shall have competence to make any amendments to the fines referred to in this Decision, whether by addition, deletion, or modification.

Article 5 - Shares of the Federal Government and the Local Government of each Emirate from the Collected Administrative Fines

The Council of Ministers shall issue a decision specifying the percentages for sharing the collected administrative fines between the Federal Government and the local government of each Emirate, based upon the proposal of the Minister of Finance and upon coordination with the Minister and the Registrar.

Article 6 - Final Provisions

- 1- The fines prescribed in this Decision shall be collected by the means determined by the Ministry of Finance.
- 2- For the purposes of collecting the administrative fines prescribed in this Decision, a part of a day shall be counted as a full day and a part of a month as full month.

Article 7 - Implementing Decisions

The Minister shall, in coordination with the Registrar, issue the decisions necessary for the implementation of the provisions of this Decision.

Article 8 - Abrogation

Cabinet Decision No. 53/2021 on the Administrative Penalties to be Imposed on the Violators of Cabinet Decision No. 109 /2023 Concerning the Regulation of Beneficial Ownership Procedures shall be abrogated, and so shall any provision deemed contrary to or inconsistent with the provisions of this Decision.

Article 9 - Publication and Enforcement of the Decision

The Present Decision shall be published in the Official Gazette, and shall come into force from the day following the date of its publication.

Issued by us:

On: 02/06/1445 H.

Corresponding to: 15/12/2023

Mohammed Bin Rashid Al Maktoum

Prime Minister

This Decision was published in the Official Gazette, Issue No. 766, P. 33.

Table attached to Cabinet Decision No. 132/2023 Regarding the Administrative Penalties imposed on Violators of the Provisions of Cabinet Decision No. 109/2023 Regulating Beneficial Owner Procedures

S. N.	Violation	Legal Reference: Cabinet Decision No. 109/2023	Administrative Penalties		
			For first-time violation	For second-time violation	For third-time violation
1	Juristic person's failure to properly register details of beneficial ownership of the Beneficial Owner.	Article (6) and Article (7)	A written warning to the juristic person to regularise their status within 15 days from the date of receiving the warning. 132	AED (20.000) twenty thousand and a warning to the juristic person to correct the violation within (15) days from the date of notifying the violator.	AED (40.000) forty thousand in addition to a warning to the juristic person to correct the violation.
2	Failure to include the data mentioned in Clause 2 of Article 8 of the aforementioned Cabinet Decision No. 109/2023 in the Register of Beneficial Owners.	Article (8)	A written warning to the juristic person to regularise their status within 15 days from the date of receiving the warning.	AED (20.000) twenty thousand and a warning to the juristic person to correct the violation within (15) days from the date of sending the violation ^[1 p. 6] .	AED (40.000) forty thousand in addition to notifying the juristic person to correct the violation.

3	Failure of the juristic person to establish the Register of Beneficial Owners and maintain its data.	Article (8/1)	A written warning to the juristic person to regularise their status within (30) days from the date of sending the warning.	AED (50.000) fifty thousand and a warning to the juristic person to correct the violation within (30) days from the date sending the violation ^[1 p. 6] .	AED (100.000) hundred thousand in addition to a notification to the juristic person for the correction to correct the violation.
4	Failure of the juristic person to update the Register of Beneficial Owners.	Article (8/1)	A written warning to the juristic person to regularise their status within 15 days from the date of receiving the warning.	AED (15.000) fifteen thousand and a warning to the juristic person to correct the violation within (15) days from the date of sending the violation ^[1 p. 6] .	AED (30.000) thirty thousand in addition to notifying the juristic person to correct the violation.
5	Failure of the juristic person to provide the Registrar with the data, referred to in Article 10 of Cabinet Decision No. 109/2023, related to the Nominal Member of the Board of Directors/Director.	Article 10	A written warning to the juristic person to regularise their status within (30) days from the date of sending the warning.	AED (40.000) forty thousand and a warning to the juristic person to correct the violation within (15) days from the date of sending the violation ^[1 p. 6] .	AED (80.000) eighty thousand in addition to notifying the juristic person to correct the violation.
6	Failure of the juristic person to establish the Register of Partners or Shareholders.	Article 10		AED (50.000) fifty thousand and a warning to the juristic person to correct the violation within (30) days from the date of sending the violation ^[1 p. 6] .	AED (100.000) hundred thousand in addition to notifying the juristic person to correct the violation.
7	Failure of the juristic person to update the Register of Partners or Shareholders within (15) days from the date of occurrence or the modification or of learning of it.	Article (10)	A written warning to the juristic person to regularise their status within (30) days from the date of sending the warning.	AED (15.000) fifteen thousand and a warning to the juristic person to correct the violation within (15) days from the date of sending the violation ^[1 p. 6] .	AED (30.000) thirty thousand in addition to a warning to the juristic person to correct the violation.
8	Failure of the juristic person to keep the details of the data related to every partner or shareholder, or failure to include the data mentioned in Clause (1) of Article 10 of Cabinet Decision No. 109 /2023 in the Register of Partners or Shareholders.	Article (10)	A written warning to the juristic person to regularise their status within (30) days from the date of sending the warning.	AED (30.000) thirty thousand and a warning to the juristic person to correct the violation within (15) days from the date of sending the violation ^[1 p. 6] .	AED (60.000) sixty thousand in addition to notifying the juristic person to correct the violation.
9	Failure of the juristic person to provide the Registrar with the data of the Register of Beneficial Owners and the Register of Partners or Shareholders, and failure to protect said Registers from damage, loss or destruction.	Article (11/1)	A written warning to the juristic person to regularise their status within (30) days from the date of sending the warning.	AED (15.000) fifteen thousand and a warning to the juristic person to correct the violation within (15) days from the date of sending the violation ^[1 p. 6] .	AED (30.000) thirty thousand in addition to a warning to the juristic person to correct the violation.
10	Failure of the juristic person to provide any additional data requested by the Registrar within (14) days from the date of sending the warning.	Article (11/2)	A written warning to the juristic person to regularise their status within (30) days from the date of sending the warning.	AED (15.000) fifteen thousand and a warning to the juristic person to correct the violation within (15) days from the date of sending the violation ^[1 p. 6] .	AED (30.000) thirty thousand in addition to notifying the juristic person to correct the violation.

11	Failure of the juristic person to disclose the ownership layers of the Beneficial Owner in complex ownership structures.	Article (5)	A written warning to the juristic person to regularise their status within (30) days from the date of sending the notice.	AED (50.000) fifty thousand and a warning to the juristic person to correct the violation within (30) days from the date sending the violation ^[1 p. 6] .	AED (100.000) hundred thousand in addition to notifying the juristic person to correct the violation.
12	Failure of the juristic person to provide the Registrar with the name of a natural person residing in the State who is authorised to disclose the data or information required under the Decree-Law and its Implementing Regulation.	Article (11/4)	A written warning to the juristic person to regularise their status within (30) days from the date of sending the warning.	AED (10.000) ten thousand and a warning to the juristic person to correct the violation within (15) days from the date of sending the warning.	AED (20.000) in addition to notifying the juristic person to correct the violation.
13	Failure of the juristic person to disclose to the Registrar the issuance of shares or stocks in the names of persons or directors within (15) days from the date of issuance of the shares or stocks.	Article (11/6)	A written warning to the juristic person to regularise their status within (30) days from the date of sending the notice.	AED (15.000) fifteen thousand and a warning to the juristic person to correct the violation within (15) days from the date of sending the violation ^[1 p. 6] .	AED (30.000) thirty thousand in addition to notifying the juristic person to correct the violation.
14	Failure of the juristic person, at the stage of dissolution or liquidation, to deliver the Register of Beneficial Owners and the Register of Partners or Shareholders to the liquidator within (30) days from the date of appointment of the liquidator.	Article (11/7)	A written warning to the juristic person to regularise their status within (30) days from the date of sending the warning.	AED (5.000) five thousand and a warning to the juristic person to correct the violation within (15) days from the date sending the violation ^[1 p.6] .	AED (10.000) ten thousand in addition to notifying the juristic person to correct the violation.
15	Failure of the liquidator to keep the Registers and all data mentioned in the aforementioned Cabinet Decision No. 109/2023 for a period of (5) years from the date of dissolution, liquidation or write-off.	Article (11/8)	AED (100.000) hundred thousand.		

Notes

1. ▲ [p.3] [p.4] [p.4] [p.4] [p.4] [p.4] [p.4] [p.4] [p.5] [p.5] [p.5] This is a translation of the expression appearing in the original text published in the Official Gazette; however, it should have rather been corrected into “sending the warning” or “occurrence of the violation. Thus, a mention is in order.