

Companies in Russia are to collect information on their ultimate beneficial owners starting end of December 2016

Federal Law dated 23 June 2016 #215-FZ amended Russian AML legislation with effect from 21 December 2016. From that date, legal entities will be obliged to collect and maintain information on their ultimate beneficial owners (UBOs). No grandfathering or transitional provisions are contemplated.

Who does it affect?

The law refers merely to "legal entities". Given the overall legal framework of the AML legislation, it is prudent to assume the scope of the law is limited to Russian legal entities and foreign legal entities having a presence in Russia (e.g. branches and representative offices).

Exemptions?

- State-controlled companies;
- Entities that issue securities, which are admitted to trading, and disclose information in accordance with Russian securities legislation; and
- Foreign institutions, which issue securities that have been listed on foreign exchange from the list approved by the Bank of Russia.

What are the obligations for companies?

- Identify their UBOs and take justified and available measures to collect information about them;
- Update this information on an annual basis; and
- Keep in place for a period of not less than 5 years information on their UBOs or actions conducted to determine such UBOs.

Who are the UBOs?

Physical persons that ultimately (directly or indirectly) own (have a participation in capital of) more than 25% in a legal entity or have ability to control its actions.

What information is to be obtained?

- Full name;

- Date of birth;
- Nationality;
- Details of identification and migration documents;
- Address;
- Tax identification number.

How information will be collected?

Legal entities receive the right to request information on their beneficial owners from their shareholders or controlling persons.

What are the sanctions?

Administrative fines for failure to obtain, update, keep, and provide information to authorised bodies:

- for legal entities – up to RUB 500,000 (approximately USD 7,800); and
- for their officers – up to RUB 30,000 (approximately USD 500).

Are there any obligations for "beneficial owners"?

Shareholders or controlling persons are obliged to provide relevant information requested by the legal entity, BUT there are no sanctions for failure to do so.

Who has access to the information?

Information on beneficial owners will not be reflected in any register, nor will it be available to the general public.

Russian AML, tax or other competent authorities would have a right to request such information.

Authors



Alexander Anichkin
Partner

E: alexander.anichkin
@cliffordchance.com



Dmitry Tolkachev
Senior Associate

E: dmitry.tolkachev
@cliffordchance.com

This publication does not necessarily deal with every important topic or cover every aspect of the topics with which it deals. It is not designed to provide legal or other advice.

www.cliffordchance.com

Clifford Chance, UI. Gasheka 6, 125047 Moscow, Russia
© Clifford Chance 2016
Clifford Chance CIS Limited

Abu Dhabi ■ Amsterdam ■ Bangkok ■ Barcelona ■ Beijing ■ Brussels ■ Bucharest ■ Casablanca ■ Doha ■ Dubai ■ Düsseldorf ■ Frankfurt ■ Hong Kong ■ Istanbul ■ Jakarta* ■ London ■ Luxembourg ■ Madrid ■ Milan ■ Moscow ■ Munich ■ New York ■ Paris ■ Perth ■ Prague ■ Rome ■ São Paulo ■ Seoul ■ Shanghai ■ Singapore ■ Sydney ■ Tokyo ■ Warsaw ■ Washington, D.C.

*Linda Widyati & Partners in association with Clifford Chance.
Clifford Chance has a co-operation agreement with Abuhimed Alsheikh Alhagbani Law Firm in Riyadh.

Clifford Chance has a best friends relationship with Redcliffe Partners in Ukraine.