

## **EXPLANATORY NOTES**

### **Registrable persons - Individuals**

Unless a Cayman Islands company is “exempt” (see below), an *individual* i.e. a natural person is a “**beneficial owner**” of the company if he or she meets one of the following specified conditions:

1. he or she holds, directly or indirectly, 25% or more of the Company’s shares;
2. he or she holds, directly or indirectly, 25% or more of the Company’s voting rights; or
3. he or she holds the right, directly or indirectly, to appoint or remove **a majority of** the Company’s board of directors.

If no individual meets the above conditions set out in (1) to (3), an individual is a “**beneficial owner**” of the company if he or she has the absolute and unconditional legal right to exercise, or actually exercises, **significant influence or control** over the company, other than solely in the capacity of a director, professional advisor or professional manager.

If no individual meets the above conditions set out in (1) to (3) and in the preceding paragraph, but the trustees of a trust (or members of a partnership or other entity that, under the law by which it is governed is not a legal person) meet one of those conditions in relation to the company in their capacity as such, an individual is a “**beneficial owner**” of the company if the individual has the absolute and unconditional legal right to exercise, or actually exercises, significant influence or control over the activities of that trust (or partnership or other entity), other than solely in the capacity of a director, professional advisor or professional manager.

An individual who is a “**beneficial owner**” of a company is a “**registrable person**”.

Please refer to Part 1 of these Explanatory Notes for examples to assist in determining individuals who are registrable persons.

### **Registrable persons - Relevant Legal Entities**

A company, limited liability company or other body that is a legal person under the law by which it is will be a “**relevant legal entity**” if it:

1. is incorporated, formed or registered (including by way of continuation or is a foreign company) in the Cayman Islands under the laws of the Cayman Islands; and
2. would be a beneficial owner of the company if it were an individual.

A “**relevant legal entity**” is a registrable person in relation to a company if it:

1. holds an interest in the company or meets one or more of the specified conditions directly in respect of that company; and
2. through which any beneficial owner or relevant legal entity indirectly owns an interest in the company.

Please refer to Part 2 of these Explanatory Notes for examples to assist in determining if relevant legal entities are registrable persons.

## **Registrable persons – Person to which s244(2) applies**

Pursuant to s244(2) of the Companies Act (2022 Revision), the provisions in PART XVIIIA of the Companies Act (2022 Revision) (relating to beneficial ownership registers) is to be read and have effect as if each of the following were an individual, even if they are legal persons under the laws by which they are governed —

1. a corporation sole;
2. a government or government department of a country or territory or a part of a country or territory;
3. an international organisation whose members include two or more countries or territories (or their governments);
4. a local authority or local government body.

## **Holding an interest in a company directly**

A person (natural or legal) holds an interest in a company directly if:

1. the person holds shares in the company directly;
2. the person holds, directly, voting rights in the company;
3. the person holds, directly, the right to appoint or remove any member of the board of directors of the company;
4. the person has the right to exercise, or actually exercises, significant influence or control directly over the company; or
5. the following is satisfied:
  - a. the trustees of a trust (or the members of a partnership or other entity that, under the law by which it is governed is not a legal person) hold an interest in the company in a way mentioned in sub-paragraphs (1) to (4) above; and
  - b. the person has the right to exercise, or actually exercises, significant influence or control directly over the activities of that trust, partnership or other entity.

## **Shares or rights held indirectly**

A person (natural or legal) holds a share or right indirectly if the person has a majority stake in a legal entity and that entity:

1. holds the share or right in question; or
2. is part of a chain of legal entities —
  - a. each of which (other than the last) has a majority stake in the entity immediately below it in the chain; and
  - b. the last of which holds the share or right.

For these purposes, A has a majority stake in B if —

1. A holds a majority of the voting rights in B;
2. A is a member of B and has the right to appoint or remove a majority of the board of directors of B;

3. A is a member of B and controls alone, pursuant to a joint agreement with other shareholders or members, a majority of the voting rights in B; or
4. A has the right to exercise, or actually exercises, dominant direct influence or control over B.

## **Exempt**

Companies incorporated or registered by way of continuation under the Companies Act (2022 Revision), which falls under one of the following exemptions are “**Exempt**”:

1. listed on the Cayman Islands Stock Exchange or an approved stock exchange (see Annex to Explanatory Notes); or
2. registered or holding a licence under a regulatory law (see Annex to Explanatory Notes); or
3. managed, arranged, administered, operated or promoted by an Approved Person (see Annex to Explanatory Notes) as a special purpose vehicle, private equity fund, collective investment scheme or investment fund, including where the vehicle, fund or scheme is a Cayman Islands exempted limited partnership; or
4. regulated in a jurisdiction that is designated as having measures for combating money laundering and the financing of terrorism which are equivalent to that of the Islands in accordance with section 5(2) of the Proceeds of Crime Act (2020 Revision);
5. a general partner of a vehicle, fund or scheme referred to in sub-paragraph (3) which vehicle, fund or scheme
  - a. is registered or holds a licence under a regulatory law (see Annex to Explanatory Notes); or
  - b. is managed, arranged, administered, operated or promoted by an Approved Person (see Annex to Explanatory Notes); or
6. holding directly a legal or beneficial interest in the shares of a legal entity which holds a licence under the Banks and Trust Companies Act (2021 Revision), the Companies Management Act (2021 Revision), the Insurance Act, 2010 [Law 32 of 2010], Part III of the Mutual Funds Act (2021 Revision) or the Securities Investment Business Act (2020 Revision).

Companies incorporated or registered by way of continuation under the Cayman Islands Companies Act, which are subsidiaries of one or more legal entities, any of which falls under the aforementioned exemptions, are also “**Exempt**”.

## **Relevant Interest**

Relevant interest means an interest that a person holds in a company consisting of:

- (a) shares or voting rights in the company; or
- (b) the right to appoint or remove a majority of the directors of the company.

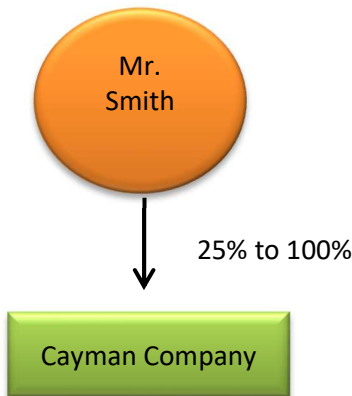
**PART 1**  
**INDIVIDUAL REGISTRABLE PERSON**  
**READ THIS TO DETERMINE HOW TO COMPLETE FORM A**

**Companies - Direct or Indirect Ownership**

An individual may satisfy the criteria for beneficial ownership requirement either directly or indirectly.

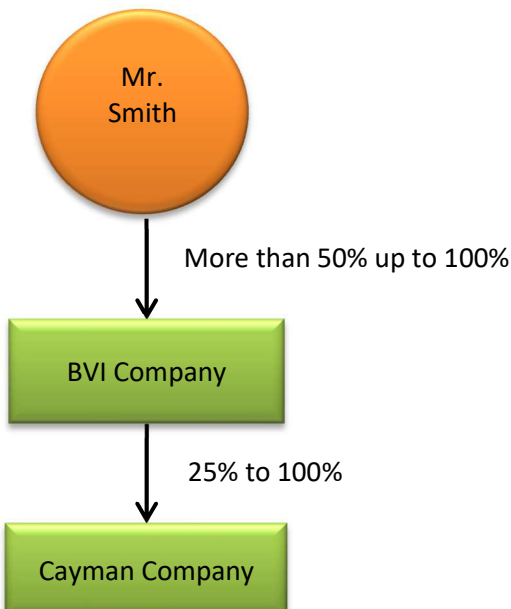
**Direct Ownership**

If the Cayman Company's shares are held as set out below, then Mr. Smith will be classed as a registrable person of the Cayman Company, because he holds 25% or more of the Cayman Company's shares directly. In this scenario Mr. Smith would complete Form A.



**Indirect Ownership**

If the Cayman Company's shares are held as set out below, then Mr. Smith will be a registrable person of the Cayman Company, because he holds more than 50% of the BVI company which, in turn, holds 25% or more of the Cayman Company's shares. In this scenario Mr. Smith would complete Form A.

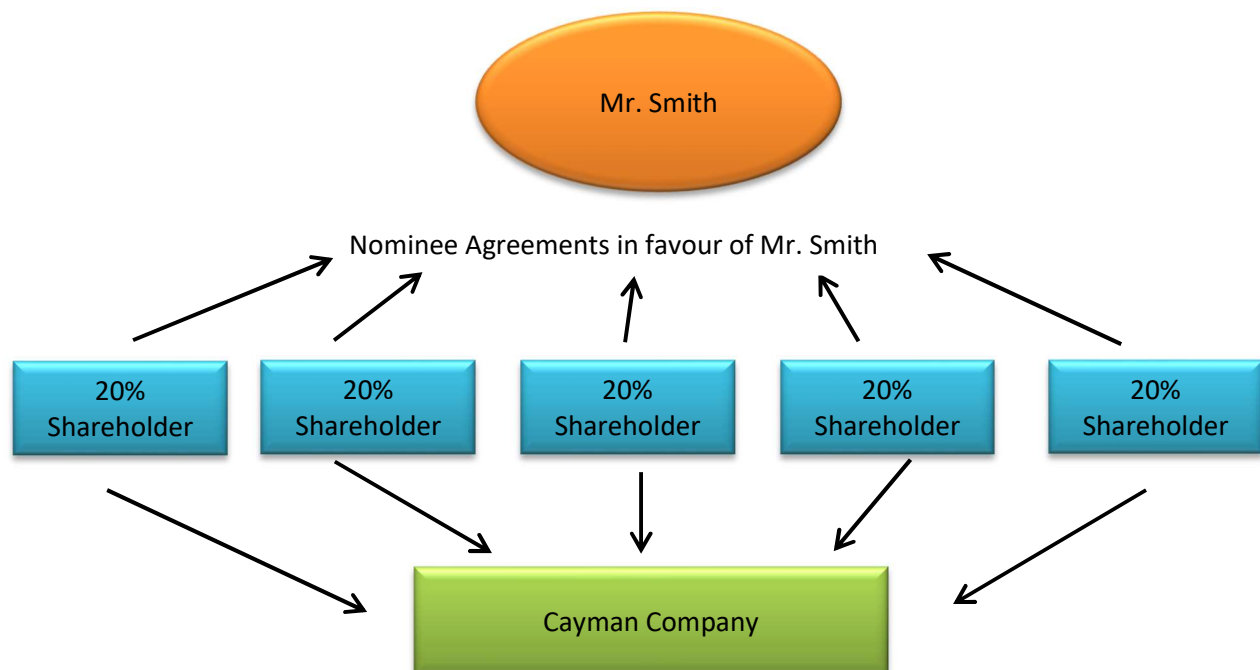


In the example above, if Mr. Smith did not hold a majority stake in the BVI company (i.e. he held 50% or less), then Mr. Smith would not be a registrable person.

### Overriding control

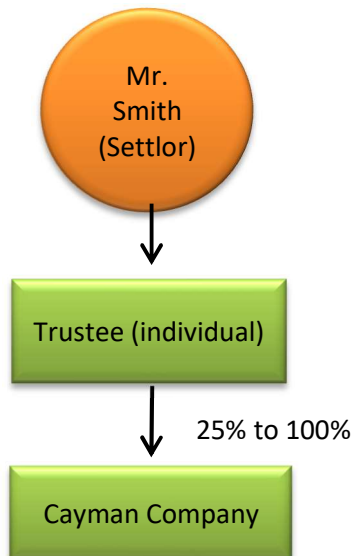
If the Cayman Company's shares are held as set out below, then none of the shareholders will be a registrable person of the Cayman Company because none of them hold 25% or more of the shares of the Cayman Company.

However, the shareholders all hold their shares as nominee for Mr. Smith. As a result, Mr. Smith has the absolute and unconditional right to exercise significant influence or control over the Cayman Company which makes Mr. Smith a registrable person. In such case Mr. Smith would complete Form A.

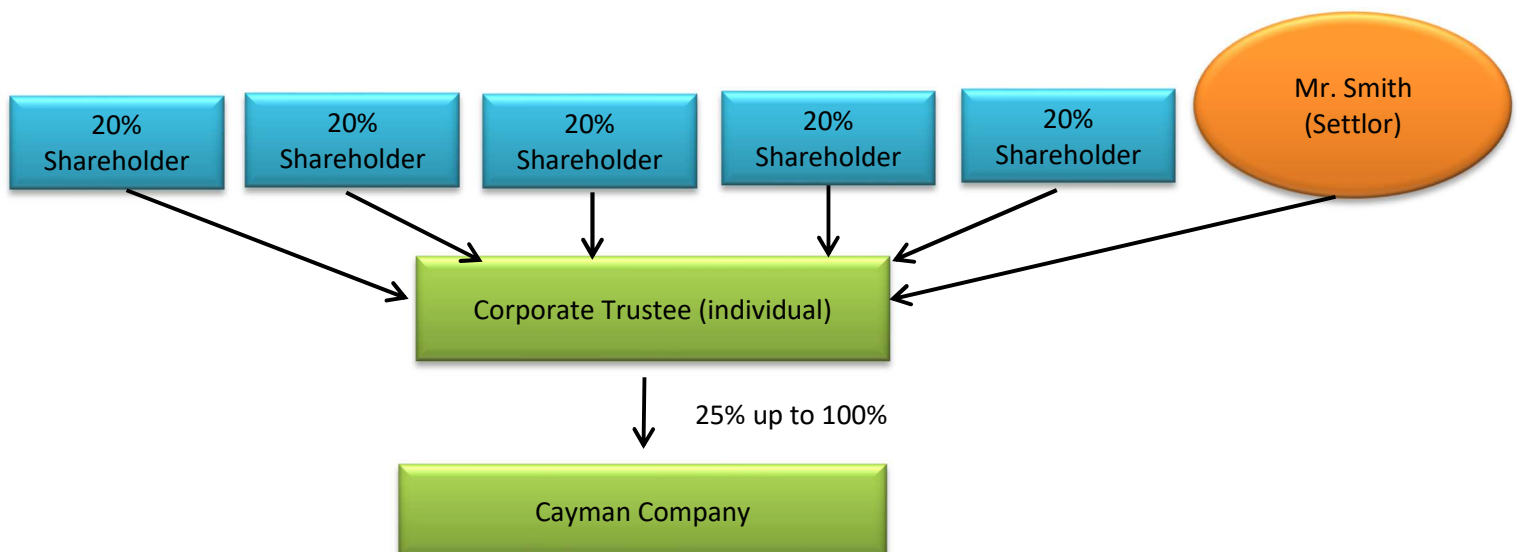


## Trusts

If the shares of the Cayman Company are held by an individual trustee on the terms of a trust as set out below, then the trustee would be the registrable person. Mr. Smith is not a registrable person solely by virtue of being the settlor or a beneficiary.



If the shares of the Cayman Company are held by a *corporate* trustee on the terms of a trust, the shareholders of the corporate trustee may be the registrable persons, if they meet the specified conditions. In the below example there would be no registrable persons as the shareholders of the corporate trustee do not meet the specified conditions since none of them hold 25% or more of the issued shares. Again, Mr. Smith is not a registrable person solely by virtue of being the settlor or a beneficiary:



However, if Mr. Smith has the absolute and unconditional right to exercise, or actually does exercise, significant influence or control over the trust/trustee (other than solely as a director, professional advisor

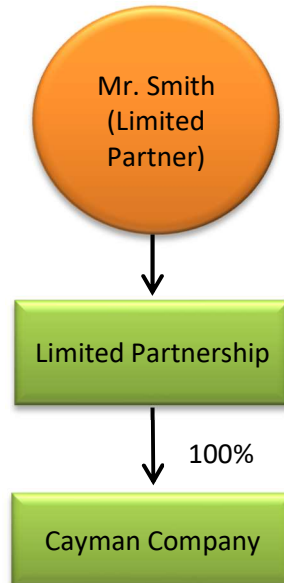
or professional manager) this makes Mr. Smith a registrable person. In such case Mr. Smith would complete Form A.

**Note:** A licensed corporate trustee and any subsidiary thereof may be “exempt”. See the definition of “exempt” above in this regard. The licensed corporate trustee would complete Form D – Written Confirmation of Exemption.

## Partnerships

### Limited Partners

If the shares of the Cayman Company are held by a partnership in which Mr. Smith is limited partner, Mr. Smith is not a registrable person solely by virtue of being a limited partner.



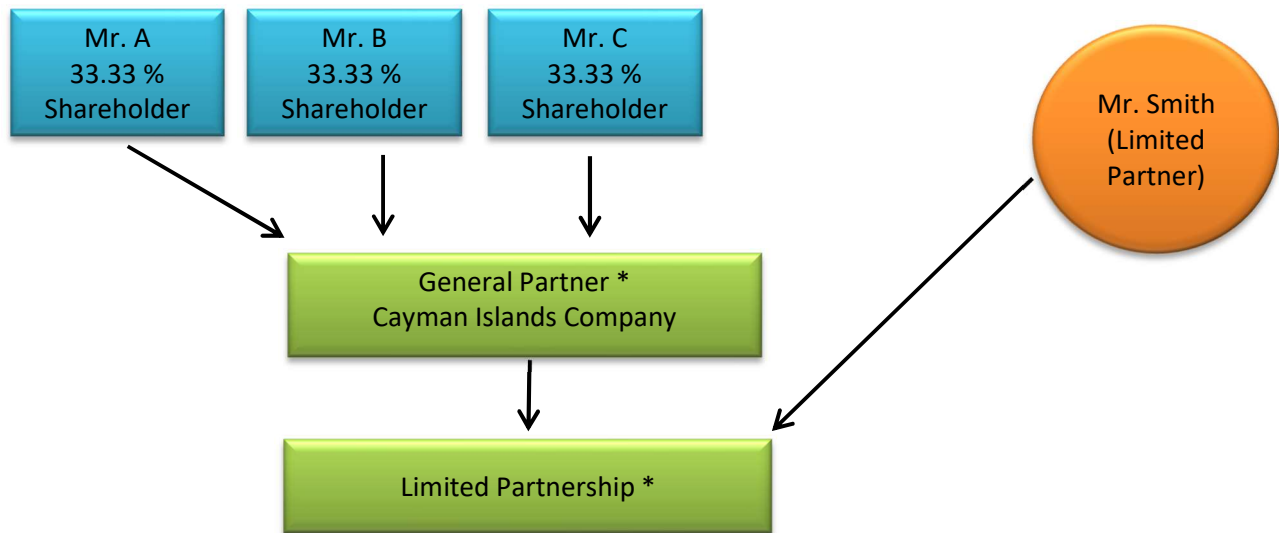
However, if Mr. Smith would be a registrable person if he has the absolute and unconditional legal right to exercise, or actually does exercise, significant influence or control over the partnership (other than solely as a director, professional advisor or professional manager). If so, Mr. Smith would complete Form A.

## General Partners

If the General Partner of a Limited Partnership is a Cayman Islands company, it will be subject to the same reporting requirements as any other Cayman Islands company.

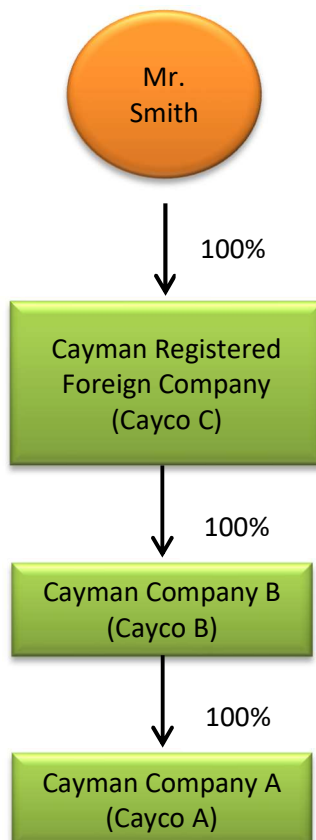
\* **Note:** If the limited partnership is managed, arranged, administered, operated or promoted by an Approved Person then the General Partner will be out of scope.

In the below example the shareholders of the General Partner, Mr A, Mr. B and Mr. C, would all be registrable persons. See the section above headed "Companies - Direct or Indirect Ownership" for further examples in this regard.



**PART 2:**  
**RELEVANT LEGAL ENTITY - REGISTRABLE PERSON**  
**READ THIS TO DETERMINE HOW TO COMPLETE FORM B**

**Example 1**



In the diagram above:

- Cayman Company A ("**Cayco A**") is wholly owned by Cayman Company B ("**Cayco B**").
- Cayco B is wholly owned by Foreign Company C which is registered in the Cayman Islands as a foreign company ("**Cayco C**").
- Cayco C is owned 100% by Mr Smith.

Cayco B is a registrable person in respect of Cayco A and will need to be entered in Cayco A's beneficial ownership register. Cayco C is required to be entered on Cayco A's beneficial register as Mr Smith indirectly owns an interest in Cayco A through it. As Mr. Smith has a majority stake in Cayco C which hold a majority stake in Cayco B, Mr Smith is a registrable person in respect of Cayco A and will also need to be entered on the beneficial ownership register of Cayco A. In this scenario Mr. Smith would complete Form A and Cayco B and Cayco C would complete Form B.

In relation to Cayco B, as it is also a Cayman Islands Company and also required to maintain its own beneficial ownership register, Cayco C will be a registrable person in respect of Cayco B and entered in Cayco B's beneficial ownership register and Mr Smith is also a registrable person in respect of Cayco B. In this scenario Mr. Smith would complete Form A and Cayco C would complete Form B.

Cayco C is a foreign company and is not required to maintain a register of beneficial ownership in the Cayman Islands.

## **Example 2**

In the above diagram, if Cayco C was *not* registered as a foreign company in the Cayman Islands, it would not be a registrable relevant legal entity, so Cayco C would not be a registrable person in relation to Cayco B. In this scenario only Mr Smith would be a registrable person in relation to Cayco B and he would complete Form A.

## **Example 3**

In the above diagram, if Cayco C only held a 20% interest in Cayco B, then Cayco C would not be a registrable relevant legal entity and neither Cayco C nor Mr Smith would be registrable persons as regards Cayco B.

If the remaining 80% of the shares or voting rights of Cayco B were held by another Cayman Company, Cayco X, which in turn was held equally by five (5) or more different shareholders (so that no one person held 25% or more of the shares or voting rights of Cayco X), then CayCo X would be a registrable person in respect of Cayco B. This is because Cayco X, being a relevant legal entity, must be treated as if it were an individual when determining whether it is a registrable person and since it owns 80% of Cayco B it meets the specified conditions. However, there would be no individual registrable person as no individual meet the specified conditions.

### **Enquiry/Contact us**

If you have questions or concerns about the UBO Law, the Guidelines or the Forms, please contact:

***[Insert contact details]***

[Contact Person, Position]

[Email:]

[Telephone:]

[Address details]

## Annex to Explanatory Notes

### Approved Stock Exchanges under Schedule 4 of the Cayman Islands Companies Act (2022 Revision)

American Stock Exchange (AMEX)	Euronext Brussels	NYSE Euronext
Amman Stock Exchange	Euronext Lisbon	NYSE MKT LLC
Athens Stock Exchange	Euronext NV	New Zealand Stock Exchange
Australian Securities Exchange	Euronext Paris	OMX Nordic Exchange
Barcelona Stock Exchange	Frankfurt Stock Exchange	Osaka Securities Exchange
BATS Global Markets	Fukuoka Stock Exchange	Oslo Stock Exchange
Berlin Stock Exchange	The Gretai Securities Market of Taiwan	Philadelphia Stock Exchange
Bermuda Stock Exchange	Hamburg-Hannover Stock Exchange	Philippine Stock Exchange
Bilbao Stock Exchange	Helsinki Stock Exchange	Prague Stock Exchange
BM&F Bovespa	Hong Kong Stock Exchange (including the Growth Enterprise Market)	Riga Stock Exchange
BME Spanish Exchanges	Iceland Stock Exchange	Rio de Janeiro Stock Exchange
Bolsa de Comercio de Buenos Aires	Indonesia Stock Exchange	São Paulo Stock Exchange (Bovespa)
Bolsa de Comercio de Santiago	Intercontinental Exchange	Saudi Stock Exchange (Tadawul)
Bolsa de Valores de Caracas	International Securities Exchange	Shanghai Stock Exchange Shenzhen, S.E.
Bolsa de Valores de Lima	Irish Stock Exchange	Shenzhen Stock Exchange
Bolsa de Valores de Colombia	Johannesburg Stock Exchange	Singapore Stock Exchange (including Catalist)
Borsa Italiana SPA	Korea Exchange (including KOSPI and KOSDAQ Market Divisions)	SIX Swiss Exchange
Bombay Stock Exchange	London Stock Exchange (including AIM)	Stock Exchange of Mauritius
Borsa Istanbul	Luxembourg Stock Exchange	Stockholm Stock Exchange

Boston Stock Exchange	Madrid Stock Exchange	Stuttgart Stock Exchange
Bucharest Stock Exchange	Malta Stock Exchange	SWX Stock Exchange
Budapest Stock Exchange	Mexican Stock Exchange	Taiwan Stock Exchange
Bursa Malaysia (including the Main Market and the ACE Market)	Montreal Stock Exchange	Tallinn Stock Exchange
Chicago Board Options Exchange	Moscow Exchange	Tel Aviv Stock Exchange
Chicago Stock Exchange	Munich Stock Exchange	The Egyptian Exchange
CME Group	Nagoya Stock Exchange	The Stock Exchange of Thailand
Colombo Stock Exchange	NASDAQ	Tokyo Stock Exchange
Copenhagen Stock Exchange	NASDAQ Dubai	Toronto Stock Exchange
Cyprus Stock Exchange	National Stock Exchange of Australia	Valencia Stock Exchange
Deutsche Borse	National Stock Exchange of India	Vienna Stock Exchange
Dusseldorf Stock Exchange	New York Stock Exchange	Vilnius Stock Exchange
Eurex	NYSE Arca	Warsaw Stock Exchange
Any stock exchange that the Registrar may from time to time designate as an approved stock exchange by way of a public notice which shall be gazetted.		

## Regulatory Law

“regulatory law” means a law defined as such in section 2 of the Monetary Authority Act (2020 Revision), other than the Directors Registration and Licensing Act, 2014 [Law 10 of 2014].

## Approved Person

“approved person” means a person or a subsidiary of a person that is:

- (a) regulated, registered or holding a licence in the Cayman Islands under a regulatory law (see above);
- (b) regulated in an equivalent legislation jurisdiction that is designated as having measures for combating money laundering and the financing of terrorism which are equivalent to that of the Cayman Islands in accordance with section 5(2) of the Cayman Islands Proceeds of Crime Act (2020 Revision); or
- (c) listed on the Cayman Islands Stock Exchange or an approved stock exchange in Schedule 4 of the Cayman Islands Companies Act (see above).

For the avoidance of doubt, a legal entity shall not be considered:

- (a) to be operated or managed by an approved person solely as a consequence of the entity having appointed an individual who is an employee of a legal entity which holds a licence under a regulatory law as a director; or

- (b) to be managed, arranged, administered, operated or promoted by an approved person solely as a consequence of the entity having appointed an approved person to provide its registered office in the Cayman Islands.

### **Subsidiary**

A company ("company S") is a subsidiary of one or more legal entities if —

- (a) such legal entities, separately or collectively, hold seventy-five percent or more of the shares or voting rights in company S;
- (b) each such legal entity is a member of company S and, separately or collectively, such legal entities have the right to appoint or remove a majority of its board of directors; or
- (c) it is a subsidiary of one or more legal entities each of which is itself a subsidiary of one or more legal entities fulfilling the exemption criteria.