Practical guidance on determining beneficial ownership and submitting beneficial ownership information[1]

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[1] This guidance is primarily intended from the perspective of submitting beneficial ownership information to the register; however, obligated entities may, pursuant to applicable legislation, be subject to a broader obligation to identify and verify the beneficial owner.

1. Introduction

The obligation to determine beneficial owners arises not only from the Money Laundering and Terrorist Financing Prevention Act (MLTFPA) but also from European Union legislation and global anti-money laundering and counter-terrorist financing standards and practices. Money laundering poses a threat to every country's financial system; therefore, particular attention is paid to the beneficial owners of persons engaged in economic activities (legal entities), who, through their actions or decisions, are able to influence a legal entity's activities and the use of its assets.

The responsibility for identifying beneficial owners and submitting the relevant information rests with the management board of the legal entity. The management board must also notify any changes in beneficial ownership. In Estonia, information on beneficial owners is disclosed through the e-Business Register information system. All European Union Member States have established beneficial ownership registers, and in the coming years technical capability will be developed to interconnect these registers.

An obliged entity, that is, a business undertaking or professional engaged in economic or professional activities and required by law to apply measures for the prevention of money laundering and terrorist financing, must identify and verify the beneficial owners of its customers and business partners when establishing a business relationship and carrying out transactions. Among other measures, obliged entities screen beneficial owners against international sanctions lists to ensure that designated persons are unable to conduct transactions.

This practical guide is intended to assist legal entities in determining their beneficial owners. The guide serves as supporting material and does not replace applicable legislation.

2. The Concept of the Beneficial Owner

2.1. A Beneficial Owner is a Natural Person

A beneficial owner is a natural person who ultimately controls natural or legal person through ownership or by other means, or on whose behalf, for whose benefit, or in whose interests a transaction or activity is conducted.

The extent of controlling influence is determined primarily through voting rights and actual control. Where a person directly or indirectly holds more than 50% of the voting rights (shares or ownership interests), controlling influence is presumed automatically. However, controlling influence may also exist where a person holds 50% or less of the voting rights if a person controls company through other means, such as an agreement with other investors, the company's articles of association or another contractual arrangement, or the right to appoint or remove the majority of the members of the management or supervisory board.

When determining the beneficial owner, the first step is to establish the extent of the person's controlling influence by assessing the size of the person's direct and indirect ownership interest in the legal entity. If the beneficial owner cannot be identified on the basis of direct and indirect ownership, the extent to which the person controls the legal entity must be assessed.

In situations where one shareholder holds 50% of a company, it cannot be automatically concluded that the remaining shareholder(s) cannot be beneficial owner(s).

When determining the extent of an ownership interest, primary consideration is given to the voting rights attached to that interest, which are more important than the nominal ownership percentage. This means that, for example, a 30% ownership interest in a company's share capital will ordinarily confer 30% of the voting rights, but it is the voting rights that are considered relevant. However, a different arrangement may arise from the company's articles of association or from agreements between shareholders, such as where shares or ownership interests carry different voting rights. In such cases, the assessment of actual influence is based on the corresponding voting rights rather than solely on the ownership percentage.

A beneficial owner may also be a minor child. However, as a minor has limited legal capacity and therefore cannot independently control their assets (such as ownership interests, shares, or similar holdings), the minor's legal representative or guardian (typically a parent) should in such cases be identified as the beneficial owner. Nevertheless, situations may arise in practice, for example through inheritance, where a minor is registered as a beneficial owner. The minor's guardian may apply for the concealment of the minor's data in the beneficial ownership register (see section 3.7 for further details).

When identifying a beneficial owner, that is, when assessing a natural person's direct and indirect control, including control through another person, the influence by a guardian on behalf of a minor must also be taken into account. For example, if a person holds a direct ownership interest of 15% in a company and a minor for whom that person acts as guardian also holds a 15% ownership interest, it should be assessed whether the voting rights controlled through the guardianship give that person aggregate control exceeding 25%. In such circumstances, control over the voting rights may be considered concentrated in the hands of the guardian, and for the purposes of beneficial ownership determination, the guardian should be taken into account as the person who controls the company rather than relying solely on the formal distribution of ownership interests.

The same principle applies in other situations where a person's legal capacity is restricted. In such cases, the scope of the guardianship or other representative relationship must be assessed, as well as the extent to which the representative has control through voting rights or influence decisions. When identifying the beneficial owner, the key factor is the actual control over voting rights rather than merely formal legal ownership.

2.2. Direct or Indirect Ownership of a Beneficial Owner in a Legal Entity

Direct ownership is a form of control whereby a natural person holds a **direct ownership interest** in a company (e.g. a share or shares). **Indirect ownership** is a form of control whereby a natural person holds an ownership interest in a company **through one or more persons or through a chain** of ownership (e.g. from the perspective of a subsidiary, the beneficial owner of the parent company is considered an indirect beneficial owner).

A natural person is deemed to be a beneficial owner where their direct or indirect ownership interest, or the aggregate of all direct and indirect ownership interests, including interests held in the form of bearer shares or bearer ownership interests or through other means, exceeds 25% in the company.

As a beneficial owner must always be a natural person, another company, the state, or a local government authority cannot be a beneficial owner. Where ownership interests in a company are held by legal persons, the beneficial owners are the natural persons who are the beneficial owners of those legal persons or who control them on their behalf.

2.3. Determining the Beneficial Owner of a Company Based on the Extent of Control

Ownership alone does not always indicate who controls an entity or a company. It may also arise **through controlling influence, which is understood as a direct or indirect right, arising from law or from an agreement** (e.g. a shareholders' agreement or the articles of association), to appoint or remove a majority of the members of the executive management or the highest management body through the use of founder's rights or by a resolution of the general meeting.

In practice, it is not always possible to identify, on the basis of ownership rights or contractual arrangements, the natural person who ultimately has the greatest influence over a natural or legal person, or on whose behalf, for whose benefit, or in whose interests a transaction or activity is conducted. Likewise, there may be no person whose direct or indirect ownership interest, or whose aggregate direct and indirect ownership interests in a company, exceeds 25%, including interests held in the form of bearer shares or bearer ownership interests or through other means (for example, where the ownership structure is such that no person holds more than a 25% ownership interest).

In such cases, and provided that there are no grounds to suspect the existence of such a person, the beneficial owner shall be deemed to be the natural person who is a member of the highest management body of the relevant legal person (i.e. a member of the supervisory board, or, where no supervisory board exists, a member of the management board, or an employee with sufficient knowledge of the institution's money laundering and terrorist financing risks and sufficient authority to make decisions affecting those risks, such as a chief financial officer).

Where more than one person meets these criteria (for example, where there are several members of the highest management body, several highest management bodies, or where ownership is held by another legal person through one or more persons or chains of ownership), the beneficial owner shall be considered to be the natural person or persons who has an actual control over the company, make strategic decisions relating to the company, or carry out its day-to-day and ongoing management.

Persons who have day-to-day and regular actual control or manage a company should be understood as individuals whose daily duties or responsibilities consist of activities that:

1. constitute strategic decision-making regarding the activities of a particular legal entity; these are decisions that fundamentally affect the business operations and/or practices and/or the overall business direction of the company; and/or
2. constitute the day-to-day or regular management of the legal entity (for example, a Chief Executive Officer (CEO), Chief Financial Officer (CFO), director, president, etc.); and/or
3. make decisions on behalf of the company that have a significant economic or financial impact.

When identifying the beneficial owner, a control-based and ownership-based approach must always be prioritized. Designating a member of a management body (e.g. a member of the management board or supervisory board) as the beneficial owner is to be used only as a measure of last resort where the application of all other measures has failed to identify the beneficial owner.

When determining the beneficial owner, the percentage of ownership interest is neither an independent nor a key criterion. A beneficial owner shall always be understood as the natural person who ultimately controls, or has a dominant influence on, a legal person, regardless of whether his or her direct or indirect ownership interest exceeds 25% or remains below that threshold. The ownership percentage is an indicative threshold and not an automatic presumption of the existence or absence of beneficial ownership.

In the case of a trust, partnership, contractual association, or any other association of persons that does not have legal personality, the beneficial owner is the natural person who ultimately has a

direct or indirect ownership or has a control over the arrangement, or otherwise has an ultimate control over it, and who is:

1. the settlor of the trust or other arrangement; or
2. the trustee or fiduciary; or
3. the protector, where such a person has been appointed to preserve and oversee the assets; or
4. the beneficiary, or, where the beneficiary or beneficiaries are yet to be determined, the class of persons in whose principal interest such arrangement was established or operates; or
5. any other natural person who, by any means whatsoever, ultimately controls the assets of the trust or other arrangement.

2.4. Determining the Beneficial Owner in NPOs and foundations

The beneficial owner must also be identified in respect of **non-profit association**s. In the case of a non-profit association, the beneficial owner is the individual or individuals under whose control the association operates. In most cases, these are the members of the **management board**. In practice, it is often difficult to identify persons other than management board members as beneficial owners of non-profit associations, because such associations have no shareholders and therefore no ownership-based control, and their members generally do not participate in day-to-day management.

As an exception, there may be situations in which legal entity members or other persons, who have a dominant influence over a non-profit association. In such cases, the beneficial owner must be determined based on the person who ultimately controls, or has a dominant influence on, the non-profit association, taking into account the association's articles of association, governance structure, and decision-making mechanisms.

In the case of a foundation, the beneficial owner is the person to whom distributions may be made from the foundation's assets pursuant to the foundation's articles of association, provided **that such person or persons are expressly identified by name in the articles of association.** If no such persons are expressly identified, the members of the management board and supervisory board shall be designated as the beneficial owners.

A foundation shall submit the following information regarding its beneficial owner(s):

1. the person's name, date and place of birth, personal identification code (where available), the country that issued the personal identification code, country of residence, and nationality or nationalities;
2. information on the nature and extent of the person's control;
3. a list of beneficiaries, including for each beneficiary the person's name, personal identification code and the country that issued the personal identification code, or, where no personal identification code exists, the date and place of birth and country of residence, provided that **such beneficiaries are expressly identified by name in the foundation's articles of association.**

2.5. Specificities of Determining Beneficial Ownership in Companies with State or Local Government Participation

In companies wholly owned by the state or a local government (i.e. the public sector), **the owner is not a specific natural person but the Republic of Estonia or a local government authority**. Accordingly, no natural person owns the company. The minister responsible for the relevant area or the mayor or rural municipality mayor acts as the shareholder on behalf of the state or local authority and, among other powers, has the right to appoint and remove members of the company's supervisory board. **The minister or mayor/rural municipality mayor should not be designated as the beneficial owner.**

The general regulatory framework applicable to legal persons controlled by the public sector is most comparable to that applicable to legal persons listed on a regulated market. Therefore, in the case of legal persons under public sector control, the identification of a beneficial owner falls within situations where, after all possible identification measures have been exhausted, it is not possible to determine a beneficial owner.

In situations where the state or a local government is not the majority shareholder (i.e. where it holds a minority shareholding), beneficial owners must be determined based on the extent of its dominant influence (see section 2.2).

Where a company in which the state or a local government holds an interest is listed on a stock exchange, no beneficial owners are required to be reported.

In the case of foundations established by the state or a local government, where founder's rights are vested in a ministry or local government authority, the members of the foundation's supervisory board and management board shall likewise be designated as the beneficial owners.

3. Beneficial Owner Information

3.1. Submission of Beneficial Owner Information

All legal persons registered in Estonia are required to submit information concerning their beneficial owners, except for:

- apartment associations;
- building associations;
- companies listed on a regulated market;
- foundations whose economic activity, as specified in their articles of association, is limited to holding or collecting assets for the benefit of designated beneficiaries or a designated class of beneficiaries and which do not engage in any other economic activity; and
- branches of foreign companies.

Beneficial owner information shall be submitted by the management board of the company. Information on beneficial owners may be submitted and amended by members of the management board through the beneficial ownership register maintained in the e-Business Register (TEKSA) or through a notary.

A legal person shall submit the following information regarding its beneficial owner:

1. the person's name, date and place of birth, personal identification code (where available), the country that issued the personal identification code, country of residence, and nationality or nationalities;
2. information on the manner in which the person has a control.

3.2. Clarifications for Specific Types of Legal Persons

Gardening associations are, from a legal perspective, standard non-profit associations and, accordingly, **beneficial owners must be determined for them** in the same manner as for non-profit associations.

Apartment associations and building associations are not required to submit beneficial ownership information to the Commercial Register. Neither management board members nor apartment owners are regarded as beneficial owners. Nevertheless, when entering into a transaction with, or establishing a business relationship involving, an apartment association or building association, an obliged entity must apply customer due diligence measures and identify and verify the association's beneficial owner. In practice, this means that the obliged entity must determine who has a dominant influence or represents a decision-making authority within the apartment association or building association (e.g. the members of the management board) and verify this information using a reliable and independent source.

Listed companies are not required to submit beneficial ownership information. However, **their subsidiaries within the group are still required to do so**. In subsidiaries, beneficial owners are identified as the individuals who has an actual control (see section 2.2). Where no controlling individual can be identified, an assessment should be made as to whether the aggregate of direct and indirect shareholdings of any individual exceeds 25%. When calculating ownership interests, minority shareholdings held through a listed company must also be taken into account. Where the **parent company of the group** is not entered in the Estonian Commercial Register, the company must, in addition to the beneficial owner information, submit the name, registration number, and country of registration of the group's parent company.

3.3. Submission and Updating of Beneficial Owner Information

Companies, non-profit associations, and foundations must submit beneficial owner information together **with their application for registration in the Commercial Registe**r. A trustee must submit the relevant information within 30 days of the establishment of the trust, becoming a trustee, or acquiring a right of long-term residence.

If the beneficial owner or the information relating to the beneficial owner changes, the management board must update the information in TEKSA at the earliest opportunity. It is recommended that changes be made without delay, as obliged entities verify beneficial ownership information on a daily basis and outdated or inaccurate information may lead to incorrect conclusions.

If a person required to submit information has not provided accurate information by the prescribed deadline, the registration department will notify that person and require the submission of the information. In such cases, the person required to submit the information must do so **within ten working days of receiving the notification**.

In the Company Registration Portal of the Commercial Register, pre-filled beneficial ownership information may be supplemented (e.g. by adding the manner in which control is established), after which the information can be confirmed and/or beneficial owners may be entered and added manually.

In addition, a company, non-profit association, or foundation must **confirm the accuracy of the beneficial ownership information annually when submitting its annual report.**

If a member of the management board is unable to log in to the Company Registration Portal, for example because they do not possess an ID card or e-resident's digital identity card, the information must be submitted through a notary operating in Estonia. If the management board member is located abroad and is unable to travel to Estonia, their representative may also apply to an Estonian notary on the basis of a power of attorney. In such circumstances, however, the form and wording of the power of attorney should be agreed in advance with the Estonian notary to whom the application will later be submitted.

The absence of beneficial ownership information in the TEKSA register does not exempt an obliged entity from its obligation to identify and verify the beneficial owner. Failure to submit beneficial ownership information, or the submission of false information, constitutes an offence and may result in a financial penalty of up to EUR 400,000.

Instructions for entering and submitting beneficial owner information are available on the website: https://abiinfo.rik.ee/e-ariregistri-paringud/tegelikud-kasusaajad.

3.4. Data Storage and Deletion

Beneficial ownership data is automatically deleted from TEKSA **five years after** the legal person has been removed from the register. Data relating to the beneficial owner of a trust arrangement is deleted where a person with a legitimate interest demonstrates that at least five years have passed since the circumstances that formed the basis for the submission of the information ceased to exist.

A beneficial owner has the right to request that the management board correct inaccurate data. If the management board fails to correct the data, the beneficial owner has the right to claim compensation from the legal person for any damage caused by the inaccurate or misleading data.

3.5. Consequences of Failure to Submit Data and Submission of False Data

A financial penalty shall be imposed for knowingly submitting false data regarding a beneficial owner or for failing to submit the required data.

Failure to submit beneficial owner data, failure to notify changes to such data, or knowingly submitting false data may result in a fine of up to **300 fine units** in the case of a natural person and up to **EUR 400,000** in the case of a legal person. It is important to note that knowingly submitting false beneficial ownership data may also include situations where an entry concerning the inaccuracy of the data has been removed because the person confirmed its accuracy despite being aware that the data was incorrect.

3.6. Discrepancy Report

A discrepancy report is a notification indicating that **beneficial ownership data** contained in the Commercial Register information system **is inaccurate**. Such a report is submitted by obliged entities or competent authorities when they possess substantiated information demonstrating that the data recorded in the register does not correspond to the actual situation. A reasonable period for remedying a discrepancy, beginning from its identification until its resolution, is **30 days**.

A discrepancy report is **not required** where a person obliged to submit beneficial ownership data has failed to submit any beneficial owner information to the Commercial Register at all.

A discrepancy report should not be submitted in the following situations:

1. **Previously identified discrepancies** where the discrepancy is based on outdated checks, data, or documentation. A historical discrepancy may no longer be relevant, as the underlying circumstances may have changed and information that was once incorrect may now accurately reflect the current situation.

Example: An obliged entity incorrectly calculated ownership interests in the past or mistakenly excluded an individual from the list of beneficial owners. However, as a result of subsequent changes (e.g. changes in shareholdings or the departure of owners), the currently registered information correctly reflects the actual situation.

2. **Changes in a person's name**, as a name change does not alter the identity of the natural person concerned and therefore does not constitute grounds for submitting a discrepancy report.

Where the registrar of the TEKSA beneficial ownership register receives a substantiated notification concerning the inaccuracy of beneficial ownership data, the registrar shall notify the person required to submit the data (i.e. the management board of the relevant legal entity) and place a note alongside the data indicating that there are doubts as to its accuracy. The note is automatically removed once the accuracy of the information has been confirmed or the information has been amended.

The registrar shall also notify the **Financial Intelligence Unit (FIU)** of the receipt of the discrepancy report.

3.7. Restriction of Access to Data

In exceptional circumstances, a beneficial owner or their representative may apply to the controller of the TEKSA beneficial ownership register for a restriction on access to the beneficial owner's data where public access to such information would expose the beneficial owner to a disproportionate risk of fraud, kidnapping, blackmail, extortion, harassment, violence, or intimidation.

A restriction on access may also be requested where the beneficial owner is a minor child.

The decision on whether to grant the request is made by the controller of the register. The restriction on access to the information shall be lifted once the grounds for the restriction no longer exist.

Access to information subject to restricted disclosure shall nevertheless be granted to competent authorities, notaries, and attorneys-at-law for the performance of their professional duties.

An application for restricting the visibility of information may only be submitted through the **e-Business Register**.

4. FAQ

4.1. Is a branch of a foreign company required to submit beneficial owner information?

A branch of a foreign company is not required to submit beneficial owner information to the beneficial ownership register, as a branch is not a legal person under the Commercial Code. The foreign company is responsible for the activities of the branch and records its beneficial owner information in the relevant register applicable to the company.

4.2. Who are the beneficial owners of a subsidiary of a public-law legal person?

Where a subsidiary is owned by a legal person with public-law participation, the beneficial owners of the subsidiary are deemed to be the individuals who control it, namely the members of the management board of the legal person.

4.3. How is beneficial ownership determined in probate proceedings?

Where one of the assets forming part of a deceased person's estate consists of shareholdings in a company for which the deceased was the beneficial owner, the beneficial owner is replaced by the heir or heirs only once a certificate of succession has been issued.

Where, as a result of succession, the deceased person's holding becomes owned by multiple persons (for example, in joint ownership or co-ownership), all joint owners or co-owners shall be recorded as beneficial owners.

4.4. How Do Marriage and Marital Property Affect the Determining the Beneficial Owner?

The existence of a registered marriage does not automatically change the size of an ownership interest held by a natural person in a company, nor does it automatically make the spouse a beneficial owner. When identifying a beneficial owner, the assessment is based on who ultimately owns or controls the legal person through ownership interests, voting rights, contractual arrangements or other means of control, or on whose behalf, for whose benefit or in whose interests a transaction or activity is carried out.

Where it is not possible to determine the beneficial owner on the basis of the above criteria, the beneficial owner of a company is the natural person whose direct or indirect ownership interest, or the aggregate of all direct and indirect ownership interests, exceeds 25% in the company.

Accordingly, the same principles apply when determining the beneficial owner in the case of married individuals. Where the beneficial owner is determined on the basis of ownership interests, the assessment is based on the ownership interests registered in the relevant register.

Abielu ja abieluvaraleping on oluline vaid siis, kui see mõjutab, kuidas osaniku- või aktsionäriõigusi tegelikult kasutatakse:

- Osalus kuulub **abikaasade ühisvarasse** ja osanikuõigusi kasutatakse ka faktiliselt ühiselt. Varaese loetakse abikaasade ühisvara hulka kuuluvaks seni, kuni ei ole tõendatud selle kuulumine abikaasa lahusvara hulka. *Näiteks kui ühele abikaasale kuulub äriregistri andmetel 30% osakuid, mis kuulub abikaasade ühisvarasse, siis tegeliku kasusaaja määramisel osaluste summa järgi, tuleb lähtuda sellest, et mõlema abikaasa osaluse suuruseks on 30%. NB! Abielu sõlmimisel ei „poolitata" (30%/2=15%) ühele abikaasale kuuluvaid osakuid vaid loetakse, et need kuuluvad mõlemale abikaasale ühiselt (30%).*
- Abieluvaraleping annab ühele abikaasale ainuvalitsemise õiguse ühisvarasse kuuluva osaluse üle. Sellisel juhul on tegelikuks kasusaajaks üksnes see abikaasa, kes omab ainuvalitsemise õigust.
- Kui on muid kokkuleppeid (nt aktsionäride/osanike leping, veto- või nimetamisõigused), mis annavad faktilise valitseva mõju juriidilise isiku üle. *Näiteks, olukord, kus abikaasade ühisvara hulka kuulub ühele abikaasale kuuluv 30%-line osalus äriühingus X ja osanike vahel sõlmitud kokkuleppe kohaselt omab äriühingus valitsevat mõju eelnimetatud osaniku abikaasa.* Sellisel juhul tuleb tegelikuks kasusaajaks märkida osaniku abikaasa kes omab äriühingu üle valitsevat mõju.

Marriage and a marital property agreement are relevant only to the extent that they affect how shareholder or ownership rights are applied in practice:

• The ownership interest forms part of the spouses' joint property and the shareholder rights are applied jointly in practice. Property is presumed to form part of the spouses' joint property unless it is proven to be the separate property of one spouse. For example, if one spouse holds a 30% ownership interest in a company according to the Commercial Register and that ownership interest forms part of the spouses' joint property, then, where beneficial ownership is determined on the basis of ownership interests, both spouses should be regarded as holding a 30% ownership interest. Note: Upon marriage, ownership interests are not "split" between spouses (30%/2 = 15%). Rather, the ownership interest is considered to belong to both spouses jointly (30%).

• A marital property agreement grants one spouse the exclusive right to manage an ownership interest that forms part of the joint property. In such a case, only the spouse who has the exclusive management right shall be regarded as the beneficial owner.

• There are other arrangements (e.g. a shareholders' agreement, veto rights, or appointment rights) that confer actual controlling influence over the legal person. For example, one spouse holds a 30% ownership interest in Company X, which forms part of the spouses' joint property, but under an agreement between the shareholders, the spouse of that shareholder has controlling influence over the company. In such a case, the shareholder's spouse, who has the controlling influence over the company, should be determined as the beneficial owner.

Assessment logic and principles by question:

1. **Does the person meet the beneficial ownership criterion based on ownership interest or voting rights** (e.g. ≥25% ownership interest or voting rights, or otherwise having controlling influence)?
2. **Does the ownership interest or voting right form part of the spouses' joint property?**
   a. **If no:** The beneficial owner is the holder of the ownership interest or voting rights.
   b. **If yes:** Determine how the rights are actually used in practice:
      i. **Jointly:** Both spouses should be identified as beneficial owners (provided that the ownership interest forming part of the joint property and held by one spouse is ≥25%).
      ii. **Exclusive management under a marital property agreement:** The beneficial owner is the spouse who has the exclusive right to make decisions regarding, or otherwise control, that ownership interest.

Practical steps for obliged entities and persons making entries in the register:

- Determine whether the ownership interest forms part of the spouses' joint property and whether a marital property agreement has been concluded.
- Determine who holds the voting rights and how those voting rights are used in practice (jointly or by one spouse alone).
- Where necessary, obtain supporting documentation (e.g. a copy of the marital property agreement, relevant extracts from management board resolutions, shareholder agreements, or similar documents).
- Identify as the beneficial owner the person or persons who actually exercise control over the company.
- Where a discrepancy between the register data and the actual circumstances is identified, submit a discrepancy notice.

Examples:

- A holds a 30% ownership interest, a marital property agreement has been concluded, and the ownership interest does not form part of the spouses' joint property → **A is the beneficial owner.**
- A and A's spouse jointly own a 30% ownership interest as part of their joint property, the company has been informed of this arrangement, and the voting rights are used jointly → **Both spouses are beneficial owners.**
- A 30% ownership interest forms part of the spouses' joint property, but a marital property agreement grants **A** the exclusive right to manage and control that ownership interest → **A is the beneficial owner.**

4.5. Who is the Beneficial Owner of a Company in Bankruptcy?

As the powers of both the shareholders and the management bodies are suspended in bankruptcy proceedings, and all actions relating to the company's assets are carried out by the bankruptcy trustee, the bankruptcy trustee should be designated as the beneficial owner for the duration of the bankruptcy proceedings, with the basis of control indicated as "by virtue of bankruptcy proceedings".

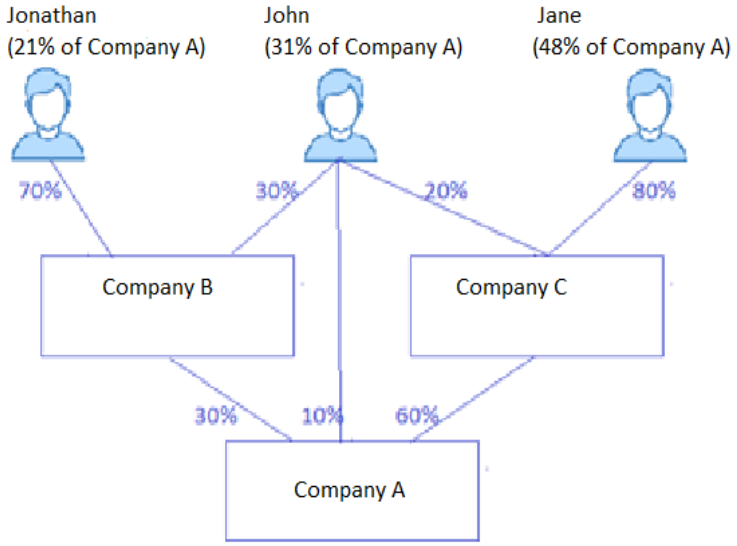
4.6. Who is the Beneficial Owner of a Company in Liquidation?

During liquidation proceedings, the role of the management board is assumed by the **liquidator**. However, the appointment and removal of the liquidator, as well as oversight of the liquidator's activities, remain subject to the company's owners.

Accordingly, the beneficial owners generally do not change during the liquidation process, except where a member or members of the management board had previously been designated as the beneficial owner(s). In such cases, the liquidator shall be designated as the beneficial owner instead of the management board member(s).

5. PRACTICAL EXAMPLES

Example 1

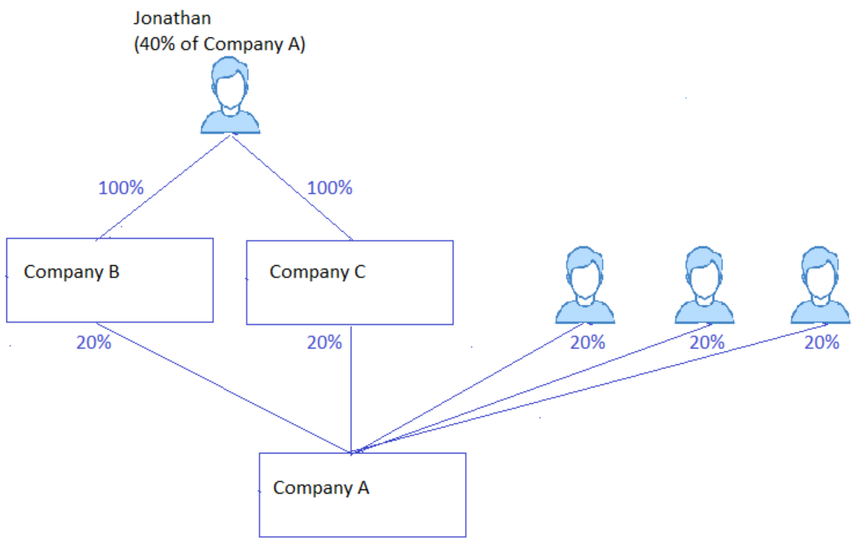


Company A is owned by Company B, Company C and Jonathan. Company B holds a 30% ownership interest in Company A, which means that the shareholders of Company B collectively hold an indirect ownership interest of 30% in Company A. This 30% is allocated among the shareholders of Company B in proportion to their respective ownership interests in Company B. Accordingly, Jonathan owns 70% of the 30% interest held by Company B, resulting in an indirect ownership interest of **21%** in Company A. John's indirect ownership interest in Company A through Company B is 30% of 30%, amounting to **9%** of Company A. In addition, John has a direct ownership interest of **10%** in Company A and a further indirect ownership interest of **12%** through Company C, giving him a total ownership interest of **31%** in Company A.

Jane's ownership interest in Company A is calculated in the same manner as Jonathan's ownership interest.

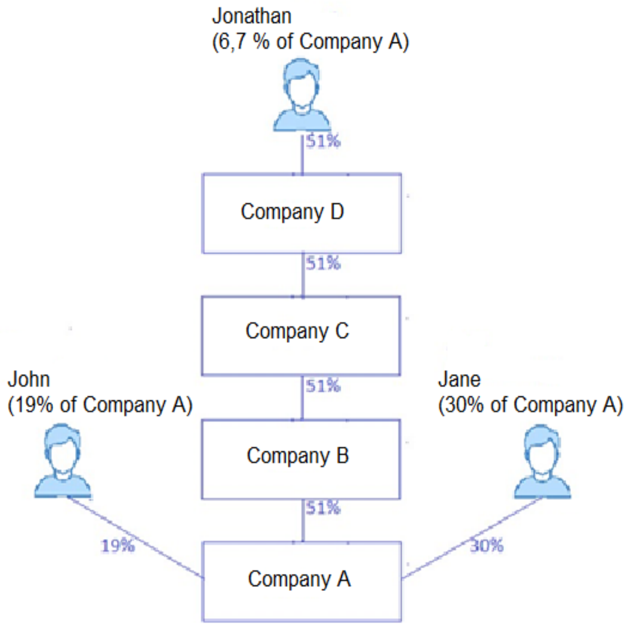
The beneficial owners of Company A are Jaan and Jane, as both hold an ownership interest exceeding 25% in Company A.

Example 2



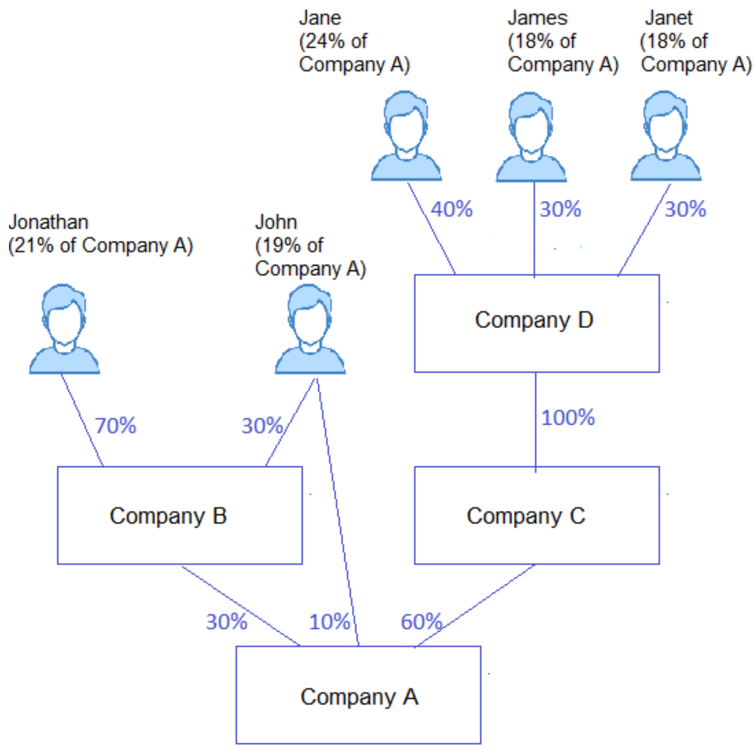
The beneficial owner of Company A is Jonathan, who holds an aggregate ownership interest of 40% through Companies B and C.

Example 3



The beneficial owner of Company A is Jonathan, who has a control over Company A through majority ownership interests in Companies B, C and D. This is the case notwithstanding the fact that his aggregate ownership interest in Company A is below 25%.
In addition to Jonathan, Jane is also a beneficial owner of Company A by virtue of her direct ownership interest of 30% in Company A.

Example 4



Company A is controlled by Company C as the majority shareholder. Company C, in turn, is controlled by Company D; however, Company D does not have a controlling shareholder (i.e. no shareholder holds more than 50% of the aggregate ownership interests, whether by shareholding or by agreement). Furthermore, there is no natural person whose combined direct and indirect ownership interests in Company A exceed 25%.

In the example above, the beneficial owner of Company A is the person or persons who has an actual control over Company A and make strategic decisions on behalf of the company or, in the absence of such persons, those who manage the company on a day-to-day basis.

As a general rule, this will be the members of the management board or supervisory board of Company A. Where there are four or more such persons, only the chairperson of the management board or supervisory board should be designated as the beneficial owner.

If, however, the day-to-day decisions concerning Company A are taken by the management body of Company B or Company D, the beneficial owners should be designated as the members of the relevant management body or, where applicable, its chairperson.