

**18. After filing the BO Information, and receiving a confirmation certificate, does it mean the filing is complete?**

Yes the filing is complete, however, the Commission reserves the right to make further enquiries

**19. If there are no changes to the BO Information during a financial year, is the company expected to file annually?**

Yes, every company prescribed to file, must ensure the register is up to date, including making annual filings confirming validity of the filed information

**20. Do I get a reference number for every filing?**

Yes, there is a reference number/ tracking number for every filing

**21. Is the filing processed immediately, real time?**

The filing is confirmed immediately, provided identity can be verified.

**22. Do I need special software in order to file BO Information?**

No, this is a web based form with an embedded upload capability

**23. Is the BO Information filed with CIPC going to be used by the Public?**

No, unless the country comes to a different policy position, the public will not have access to Beneficial Ownership information.

**24. Who is allowed to have access to the BO Information?**

Law enforcement and Competent authorities

**25. Will access be made available to Law Enforcement Authorities?**

Yes, the data collected is mainly to allow for law enforcement to have timely access to verified, credible and up to date data on Beneficial Owners.

**26. Why must the BO information be required by CIPC?**

This is a requirement by the Financial Action Task Force, a requirement imposed by the General Laws (Anti-Money Laundering and Combating Terrorism Financing) Amendment Act 22 of 2022

**27. Is the BO filing process also possible manually?**

No, the filing process is fully online, supporting information is also filed online

**28. How long before Back Office pronounces on the completeness of a process?**

Back Office will be applying a risk based approach in its reviews of the filed information and the turnaround times will be published

**29. What is the format of the supporting information that is filed with a BO filing?**

PDF Format is an acceptable format

**30. What is meant with a members register with regards non-profit companies?**

A non-profit company does not have shareholders but has members

**31. Does BO requirements apply to Co-Operatives registered by CIPC?**

No, not yet, the current amendments brought about through the General Laws Amendment Act do not cover Co-Operatives as a co-operatives as a business form.



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CIPC

Companies and Intellectual  
Property Commission

# BENEFICIAL OWNERSHIP



## The Companies and Intellectual Property Commission

### Beneficial Ownership

The Companies and Intellectual Property Commission (CIPC) intends to implement a Beneficial Ownership (BO) register. The aim of establishing the BO register is to have a repository/register of natural persons who own or exercise control over legal entities; to assist law enforcement with relevant information when it comes to their investigations of who the ultimate owners of an entity are; and to mitigate the risks identified in the national risk assessment where legal persons were identified as vehicles prone to abuse for money laundering and terror financing activities.

### Background

The Companies and Intellectual Property Commission (CIPC), responsible for the development of the BO register, has been participating in the mutual and evaluation process conducted by the Financial Action Task Force (FATF). The purpose of the evaluation was to assess the country's laws and measures already in place to combat money-laundering and the financing of terrorism. The mutual evaluation process was then concluded and the mutual evaluation report was published in October 2021. The country as a jurisdiction was expected to take certain measures to address the deficiencies which were highlighted in the Mutual Evaluation report.

One of the eight (8) areas of strategic deficiencies identified by the Financial Action Task Force (FATF) requires South Africa to ensure that competent authorities have timely access to accurate and up-to-date Beneficial Ownership information on legal persons and arrangements and applying sanctions for breaches of violation by legal persons to BO obligations.

The CIPC as the registrar and regulator of companies, administers about 2.1 million active entities, comprising of Public Companies, Private Companies; Non-Profit Companies; External Companies and more. Currently, the CIPC holds record of legal owners and management of entities in the form of members (close corporations) and directors (companies). As it stands, no record of company shareholders and beneficial owners is recorded by the CIPC. As such, the CIPC recognises its responsibility as one of the key role players in safeguarding the integrity of our regulatory environment in South Africa and integrally placed to manage the risks associated with money laundering, proliferation and terror financing activities.

### Regulatory Framework

To give effect to the implementation of the BO register, and the General Laws (Anti-Money Laundering and Combating of Terrorism Financing) Amendment Act (Act No. 22 of 2022), the Companies Act, Act 71 of 2008 as amended, needs to introduce legal provisions in support of the collection of beneficial ownership information and give the CIPC a mandate to request companies (and other legal persons) to file and update Beneficial Ownership information, as and when applicable.

The beneficial owner in respect of legal persons is defined as follows:

“beneficial owner”, in respect of a company, means an individual who, directly or indirectly, ultimately owns that company or exercises effective control of that company, including through—

- (a) the holding of beneficial interests in the securities of that company;
- (b) the exercise of, or control of the exercise of the voting rights associated with securities of that company;

- (c) the exercise of, or control of the exercise of the right to appoint or remove members of the board of directors of that company;
- (d) the holding of beneficial interests in the securities, or the ability to exercise control, including through a chain of ownership or control, of a holding company of that company;
- (e) the ability to exercise control, including through a chain of ownership or control, of— (i) a juristic person other than a holding company of that company; (ii) a body of persons corporate or unincorporate; (iii) a person acting on behalf of a partnership; (iv) a person acting in pursuance of the provisions of a trust agreement; or
- (f) the ability to otherwise materially influence the management of that company;”

as per Regulation 32.

A company which does not qualify as an affected company must file their securities register which should include beneficial interest holders of the securities of that company if they are held by one person for and on behalf of another. A securities register of a company which is not an affected company must also include information of its Beneficial Owners (Regulation 32 (3) (b)).

Filing of Securities Register for Companies which are affected companies as per Regulation 30A.

An affected company is defined as follows:

“affected company” means a regulated company as set out in section 117(1) (i) and a private company that is controlled by or a subsidiary of a regulated company as a result of any circumstances contemplated in section 2(2)(a) or 3(1)(a)”

An affected company must file its securities register as prescribed in the regulations. The securities register must comply with the prescribed requirements.

State-Owned companies are considered “affected companies” and will be required to file a register of its beneficial owners, unless exempted by the Minister in terms of section 9(2) of the Companies Act.

## FREQUENTLY ASKED QUESTIONS ON BENEFICIAL OWNERSHIP



### 1. What is Beneficial Ownership?

In respect of a company, means an individual who, directly or indirectly, ultimately owns that company or exercises effective control of that company

### 2. Who is a Beneficial Owner?

An individual/ natural person who, directly or indirectly, ultimately owns 5% and more of a company or exercises effective control of a company

### 3. Can a company/Trust be a Beneficial Owner?

No, only a natural person can be considered a beneficial owner

### 4. Who can file Beneficial Ownership information?

Any person designated/mandated in writing by a company to file BO information on its behalf

### 5. Does a filer need to present a Mandate in order to file the BO information?

Yes, without a valid mandate a filer is not permitted to transact on the BO Register

### 6. Is there a limit on the number of Beneficial Owners I can add into the Register?

No, there is no limit, as there could be more than one person considered a BO in a company

### 7. What is the minimum Threshold before a person can be considered a Beneficial Owner?

5% (five percent)

### 8. If the details of the BO changes, can the BO filing be done any time?

Yes, whenever there are changes on the BO, a company has 5 (five) days to update its BO register

### 9. What is an affected company?

It is a regulated company as set out in section 117(1)(i) and a private company that is controlled by or a subsidiary of a regulated company as a result of any circumstances contemplated in section 2(2)(a) or 3(1)(a)”

### 10. As a listed company, do I also file BO information with CIPC?

A listed company is considered an “affected company”, however, an affected company must file its securities register as prescribed in the regulations.

### 11. As a listed company, do my subsidiaries file BO Information with CIPC?

A subsidiary of a listed company is also considered an “affected company”, it has to file its securities register as prescribed in the regulations

### 12. As a listed company, do I file my securities register with CIPC?

Yes, as prescribed in the Regulations

### 13. State Owned Companies, mostly have a Minister as a shareholder, who do I list as a Beneficial Owner?

The Minister

### 14. Does the filing of the BO information replace the filing of the CoR39 (change of directors)?

No, CoR39 deals with directors, tasked with the day to day business and affairs of the company, whilst BO deals with unknown owners who ultimately owns a legal entity or exercises effective control of an entity

### 15. How long do I have to file changes to the BO Register after changes take place?

5 days

### 16. From 01 April 2023, how long do we have for all entities to file BO Information?

Six (6) months

### 17. What supporting information will be expected to be filed when filing for BO?

Mandate of the filer; Securities Register; Certified ID Copies of the BO's; Certified Passport Copies of the BO's (as applicable); any other supporting document the Commission may demand