

Declaration by Significant Beneficial Owner (SBO)

(I) Introduction of SBO Concept

(a) Ministry of Corporate Affairs (MCA) has notified the Companies (Significant Beneficial Owners) Rules, 2018 vide notification dated **June 13, 2018**.

(b) Provisions of SBO are applicable to Public and Private both Companies where significant beneficial interest is existed in shares.

(c) Provisions of SBO are **not** applicable, where beneficial owner's name is already given in register of members or where shareholders are mutual funds and any other **pooled** investment vehicles like AIFs, REITs and INVITs etc.

(d) These provisions are **not** applicable where shareholder is **natural** person and also beneficial owner name is **already** declared to company.

(e) Object of provisions of SBO to find **natural** beneficial owner of equity shares of company i.e 'Parde ke peeche kaun hai? Saamne aao!'.
(f) Provisions of SBO are applicable where shareholder is holding minimum **10%** equity capital of company.

(g) **Beneficial Interest** is in share to include directly or **indirectly**, through any contract or otherwise.

(II) Important Clarifications

(a) Computation of minimum **10%** of share holding is to include the shares held by his/her close **relatives** also.

(b) Provisions of SBO are also applicable to **non** residents of India

(III) Legal Compliances

● BEN -1

BEN -1 **First** time is to be filed by SBO to company within **90** days i.e. upto 10th Sep 2018 and thereafter within **30** days from date of **first** time of becoming the SBO or change in percent of shareholding.

● BEN -2

BEN-2 is to be filed by company to ROC within 30 days from date of receipt of BEN-1.

- **BEN -3**

BEN-3 is a register to be maintained by company for inspection by shareholders.

- **BEN -4**

BEN-4 is to be sent by company to shareholders for seeking name of SBO.

(IV) Panel Provisions

(a) Company is permitted to apply before National Company Law Tribunal (**NCLT**) where shareholder is **not** providing name of ultimate beneficial owner.

For requesting to pass the following orders:

- Restriction on transfer of shares.
- Suspension of right to receive dividend.
- Suspension of voting right.
- Any other restriction.

(b) **Natural** person is liable for **action** under section **447** where SBO is willfully furnish any false or incorrect information or suppresses any **material** information

- **Disclaimers:**

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