



THE COMPANIES (SIGNIFICANT BENEFICIAL OWNERS) AMENDMENT RULES, 2019

Significant Beneficial Owner “SBO” means an individual, who acting alone or together, or through one or more persons or trust, holds $\geq 10\%$ SVDC* in a reporting company.

*SVDC means shares / voting rights / dividend / control

➤ If an individual does **NOT** hold any right or entitlement **INDIRECTLY** $\geq 10\%$ SVDC* (i.e. holds a right or entitlement directly in the reporting company), he shall not be considered to be a significant beneficial owner.

An individual shall be considered to hold a right or entitlement directly in the reporting company, if he satisfies any of the following criteria—

➤ the shares in the reporting company representing such right or entitlement are held in the name of the individual;

Example: all individual shareholders of the reporting company holding **any** percentage of shares in own name.

➤ the individual holds or acquires a beneficial interest in the share of the reporting company under sub-section (2) of section 89 of the Companies Act, 2013, and has made a declaration in this regard to the reporting company.

Example: beneficial owner of shares, and he has made a declaration under section 89(2).

“**Acting together**”: If any individual, or individuals acting through any person or trust, act with a common intent or purpose of exercising any rights or entitlements, or exercising control or significant influence, over a reporting company, pursuant to an agreement or understanding, formal or informal, such individual, or individuals, acting through any person or trust, shall be deemed to be acting together.

Indirect Holding in Reporting Company Held by

Sr.	Nature of Entity	Holding	Disclosure by
i.	Company / Body corporate / Ultimate Holding Company [incorporated/registered in India or abroad] except LLPs	Is a member of the reporting company holding $\geq 10\%$ SVDC	That individual who holds – $\geq 50\%$ majority stake in that body corporate $\geq 50\%$ majority stake in that Ultimate holding company (India / abroad)
ii.	HUF	Is a member of the reporting company holding $\geq 10\%$ SVDC	That individual who is the Karta
iii.	Firm	Through itself or a partner is a member of the reporting company holding $\geq 10\%$ SVDC	That individual who is/ holds – a. A partner; b. $\geq 50\%$ majority stake in that body corporate c. $\geq 50\%$ majority stake in that Ultimate holding company (India / abroad)
iv.	Trust	Is a member of the reporting company holding $\geq 10\%$ SVDC	That individual who is – a. Trustee of a discretionary trust or a charitable trust; b. Beneficiary of a specific trust; c. Author / settler of revocable trust.
v.	Pooled investment vehicle [PIV - M] #	Is a member of the reporting company holding $\geq 10\%$ SVDC	That individual who is – General Manager / Investment Manager / CEO of that PIV-M or an entity controlled by that PIV-M
	Pooled investment vehicle [PIV]^		The provisions of clause i or clause ii or clause iii or clause iv above, as the case may be, shall apply.

[PIV - M] means a member State of the Financial Action Task Force on Money Laundering and the regulator of the securities market in such member State is a member of the International organization of Securities Commissions

^based in a jurisdiction which does not fulfill the requirements of PIV-M



Reporting:

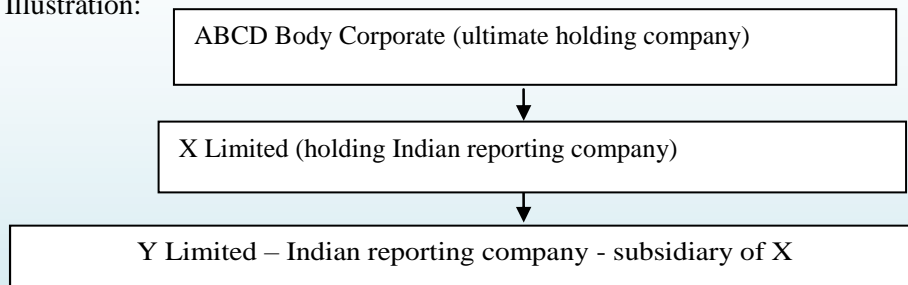
- Form No. BEN-1 shall be filed by the individual who is the SBO to the reporting company within 90 days from the commencement of these Rules (i.e., by 9th May, 2019) and for subsequent changes or acquiring the status of SBO, within 30 days of such change or acquiring the SBO.
- In order to find out about the SBO, the Company shall send notice in Form No. BEN-4 to all its members (other than individuals) holding not less than 10% of the company's shares/voting rights/right to receive/participate in the dividend or any other distribution payable in a financial year.
- The Company to maintain Form no. BEN-3 i.e. Register of beneficial owners holding significant beneficial interest [Pursuant to section 90(2) of the Companies Act, 2013 and rule 5(1)].

Exemptions:

The rules are not applicable to the extent the shares of the reporting company are held by:

- IEPF authority;
- its holding reporting company, provided, the details of such holding reporting company shall be reported in Form No. BEN-2;

Illustration:



If Mr. A holds majority stake in ABCD and has disclosed the same in BEN-1 to Y Limited, then X Limited need not report the holding of Mr. A to the extent disclosure of such holding has already been made to Y Limited in BEN-2

- the Central government, state government or any local authority;
- reporting company; or a body corporate; or an entity, controlled by the Central government or by any state government or governments or partially by the Central government and partly by one or more state governments;
- SEBI registered Investment Vehicles such as mutual funds, alternative investment funds (AIF), Real Estate Investment Trusts (REITs), Infrastructure Investment Trust (InVITs) regulated by the Securities and Exchange Board of India;
- Investment vehicles regulated by Reserve Bank of India, or Insurance Regulatory and Development Authority of India, or Pension Fund Regulatory and Development Authority.