



# Declaration of beneficial owners: a new declaration obligation since 1 August 2017

## Entities that are concerned

### Scheme

- 1 Entities that are concerned
- 2 What is a beneficial owner?
- 3 The beneficial owner application
- 4 When to file the beneficial owner application
- 5 Criminal penalties
- 6 Contact us

Civil or commercial companies, EIG, branches of foreign companies and more generally all entities that are registered in the Register of Commerce and Companies (RCS) must now report to the RCS information concerning their beneficial owner(s). Exception: companies whose securities are admitted to trading on a regulated market.

The Registry of Beneficial Owners was established by the ordinance of 1 December 2016 known as "Sapin 2" which strengthens the French anti-money laundering and terrorist financing mechanism. The Decree 2017-1094 of 12 June 2017, had entered into force on 1 August 2017, and sets out the terms of the filing and the content of the document relating to the beneficial owner.

## What is a beneficial owner?

The beneficial owner is defined as "*the natural person or persons who hold, directly or indirectly, more than 25% of the capital or voting rights of the company or exercised by any other means exercise, a control over the management bodies , administration or direction of the company or the general meeting of shareholders*" ( C. mon. fin., art. R. 561-1).

A company may therefore have one or more beneficial owners.

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*A company may therefore have one or more beneficial owners directly or indirectly.*

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## The beneficial owner application

To date, entity registered with the RCS must file an application concerning the beneficial owner in front of the clerk of the Commercial Court which it depends.

The application to be completed may differ according to the situation of the company, so attention must be taken.

This application will be filed in the RCS. However, the list of persons entitled to request the disclosure of this document concerning the beneficial owners is limited.

## When to file the beneficial owner application?

Starting from 1 August 2017 the application relating the beneficial owner must be filed at the Commercial Court at the time of the registration in front the RCS or at the latest within 15 days from the establishment of the entity business.

For entities registered before 1 August, 2017, they have until 1 April 2018 to proceed with the filing of the application relating to the beneficial owner at the RCS.

## Criminal penalties

Deposit failure or a deposit containing inaccurate or incomplete information shall be punishable by 6 months imprisonment and a fine of 7500 euros (C. mon. fin., art. L. 561-49).

Individuals reported guilty of this offense are also subject to a prohibition of management and partial deprivation of civil and political rights (C. pén., art. 131-26, 131-27 and 131-39).

## Contact us

For more information, contact us.

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*Any entity registered at the RCS must file an application concerning the beneficial owner in front of the clerk of the Commercial Court on which it is based*

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