

Now, German companies must also register beneficial owners

From 1 October 2017, a new disclosure obligation in Germany means that beneficial owners of German companies must be registered in the Transparenzregister. If you have invested in a German company, this also has implications for you.



Just as in Denmark, where all companies must register beneficial owners before 1 December 2017, Germany now also obliges companies to publish information about their shareholders and beneficial owners.

Therefore, anyone who owns shares in a German company must be registered electronically no later than 1 October 2017 in the German Transparenzregister. If you are not registered by this date, you may receive a fine of up to 100,000 euros. In addition, the information that the company has been fined will be published on the website of the responsible German regulatory authority.

The obligation also applies to foreign company members

The new obligation is intended to prevent money laundering and contribute to the uncovering of financing of terrorism. Therefore, the natural persons who ultimately own or control the company or a company group must be registered.

The new rules also apply to foreign shareholders, including shareholders, limited partners, etc., and as of 1 October 2017, the following information about the beneficial owners must be registered in the German Transparenzregister:

- First and last name
- Date of birth
- Place of residence
- The nature and extent of the company membership

However, it is not necessary to register if information about the ownership already appears in a public register and it is required to check regularly whether there is new information about the company or the company's beneficial owners.

How is beneficial ownership established?

Beneficial owners are natural persons who either directly or indirectly

- owns more than 25% of the equity
- controls 25% of the voting rights, or
- has control in a similar manner

If there is no natural person who is considered the beneficial owner in accordance with the above-listed criteria, the legal representative of the company or the company's business management is considered the beneficial owner. According to the German Money Laundering Act, persons may also be beneficial owners by virtue of voting rights or fiduciary relationship (so-called "Treuhandverhältnis"). In that case, the information about these persons is to be registered in the Transparenzregister.

If there is an agreement on multiple voting rights of more than 25% of the votes in the company, the voting party concerned has an indirect control over the company. Thus, this natural person who dominates the pool of votes must be in with the Transparenzregister.

Limited partnerships: if you own more than 25% you must be registered

Limited partners must be registered if they own holdings of more than 25% of a joint venture or have been assigned more than 25% of the company's total voting rights in accordance with the company's articles of association/company contract.

If you have any doubts on how to handle your German investments, please contact Attorney at law/Rechtsanwalt Claas Thöle, who advises companies on both Danish and German company law.