

Federal Ministry of Finance

Case Examples

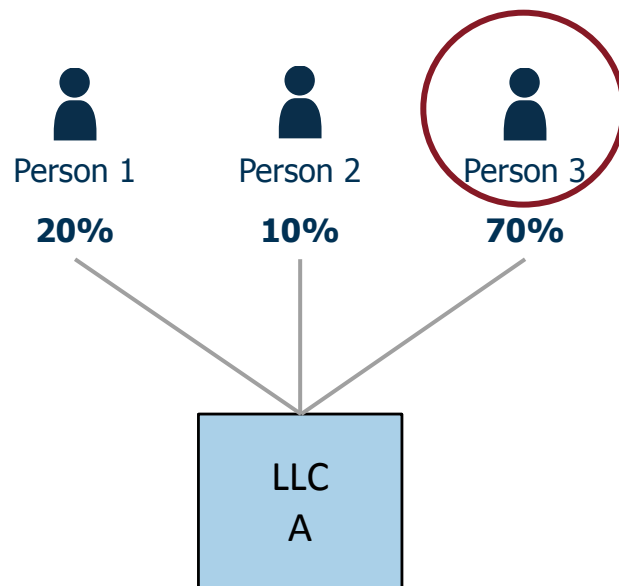
Determination of Beneficial Owners
Pursuant to WiEReG (Beneficial
Owners Register Act - BORA)

Direct beneficial owners

The definition of beneficial ownership differentiates between direct and indirect beneficial owners. The following slides explain the definition according to Art. 2 of the Beneficial Owners Register Act (BORA).

Art. 2 no. 1 lit. a sublit. aa BORA:

Direct beneficial owner: where a natural person holds a shareholding or voting rights of more than 25 % or **an ownership interest of more than 25 %** in the company, or a natural person or several natural persons jointly exercise direct control over the company, then this/these natural person(s) shall be considered as direct beneficial owner(s).



Direct beneficial owners of limited liability company A (LLC A):

- Person 3 (ownership) – 70%*

Person 3 is a direct beneficial owner of LLC A, since Person 3 holds an ownership interest of more than 25% in LLC A. Persons 1 and 2 are not beneficial owners, since they each hold ownership interests of less than 25% in LLC A.

* The nature and scope of the beneficial interest is shown in this presentation in the same way as it can be selected in the registration forms.

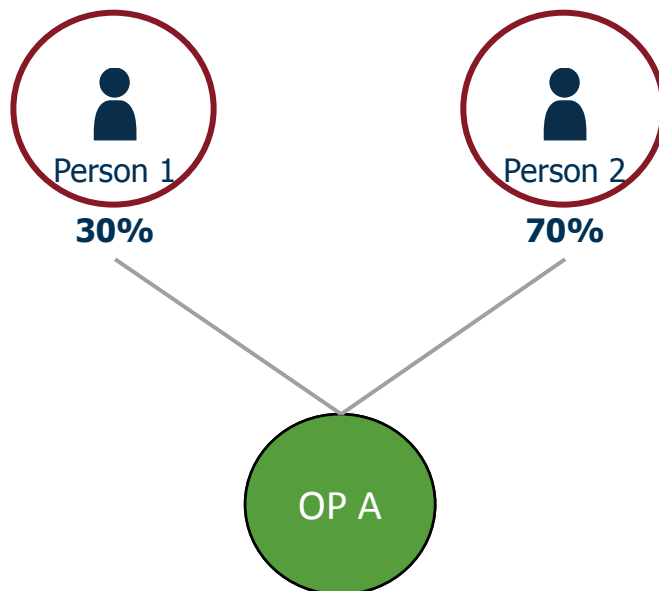
Direct beneficial owners

In contrast to incorporated companies, the ownership structure of ordinary partnerships is not recorded in the Commercial Register. Their ownership structure must therefore be determined by consulting the deed of partnership.

Direct beneficial owners of ordinary partnership A (OP A):

- Person 1 (ownership) – 30%
- Person 2 (ownership) – 70%

The deed of partnership shows that Person 1 holds a capital interest of 30% and Person 2 holds a capital interest of 70%. Both persons are therefore direct beneficial owners of ordinary partnership A.



Art. 2 no. 1 lit. a sublit. aa BORA:

Direct beneficial owner: where a natural person holds a shareholding or voting rights of more than 25 % or **an ownership interest of more than 25 % in the company**, or a natural person or several natural persons jointly exercise direct control over the company, then this/these natural person(s) shall be considered as direct beneficial owner(s)

Direct beneficial owners

Depending on the nature and scope of the beneficial interest of a direct beneficial owner, the correct selection must be made when reporting:

| | |
|------------------------------------|--|
| Ownership | To be selected if the direct beneficial owner to be reported is a (direct) beneficial owner by virtue of holding a sufficient shareholding or ownership interest in the company, |
| Voting interest | To be selected if the direct beneficial owner to be reported is a beneficial owner by virtue of voting interest |
| Control | To be selected if the direct beneficial owner to be reported is a beneficial owner by virtue of control (e.g. through a trusteeship) |
| Member of senior management | To be selected if a member of senior management is being secondary reported as a beneficial owner |
| Other | To be selected if the beneficial ownership of the direct beneficial owner to be reported cannot be assigned to any other category |

Note:

Ownership should be selected by default unless the voting interest is greater than the share of ownership. The information about the nature and scope of the beneficial interest of beneficial owners always includes the information, whether a trusteeship relationship exists and whether the beneficial owner acts as a trustee or a settlor/trustor.

Tip: Extended excerpts contain a pre-calculation of beneficial owners that can be used as a basis for the verification and determination of beneficial owners.

Direct beneficial owners in case of foundations/funds

Depending on the nature and scope of the beneficial interest of an indirect beneficial owner of a foundation or fund, the correct selection must be made when reporting:

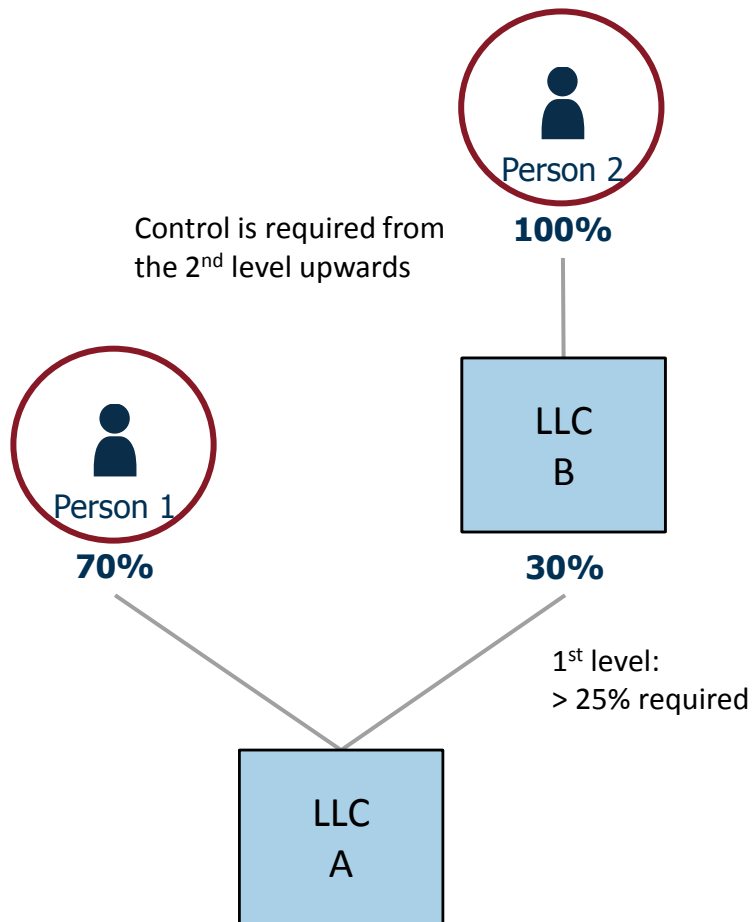
| | |
|---|--|
| Founder | To be selected if the direct beneficial owner to be reported occupies the position of founder |
| Beneficiary | To be selected if the direct beneficial owner to be reported occupies the position of beneficiary |
| One-time beneficiary | To be selected if the direct beneficial owner to be reported occupies the position of one-time beneficiary |
| Member of the management board | To be selected if the direct beneficial owner to be reported is a member of the management board of the foundation or fund |
| Exercise of control by other means | To be selected if the direct beneficial owner to be reported exercises ultimate control over the foundation or fund by means of another legal entity (e.g. as sole shareholder of a public company that is the founder of a foundation, or if de facto control is exercised over a functionary; for details on the definition of control, see the ordinance issued by the Federal Ministry of Finance) |

Direct beneficial owners in case of trusts and arrangements of a nature similar to trusts

Depending on the nature and scope of the beneficial interest of an indirect beneficial owner of a trust or similar arrangement, the correct selection must be made when reporting:

| | |
|---|---|
| Settlor/Trustor | To be selected if the direct beneficial owner to be reported occupies the position of settlor/trustor |
| Settlor/Trustor (comparable) | To be selected if the direct beneficial owner to be reported occupies a position comparable to that of a settlor/trustor |
| Trustee | To be selected if the direct beneficial owner to be reported occupies the position of trustee |
| Trustee (comparable) | To be selected if the direct beneficial owner to be reported occupies a position comparable to that of a trustee |
| Protector | To be selected if the direct beneficial owner to be reported occupies the position of protector |
| Protector (comparable) | To be selected if the direct beneficial owner to be reported occupies a position comparable to that of a protector |
| Beneficiary | To be selected if the direct beneficial owner to be reported occupies the position of beneficiary |
| One-time beneficiary | To be selected if the direct beneficial owner to be reported occupies the position of one-time beneficiary |
| Exercise of control by other means | To be selected if the direct beneficial owner to be reported exercises ultimate control over the trust or similar arrangement by means of another legal entity (e.g. as sole shareholder of a public company that is the trustor of a trust, or if de facto control is exercised over a functionary; for details on the definition of control, see the ordinance) |

Indirect beneficial owners – Variant 1



The definition of indirect beneficial ownership differentiates between two variants.

In Variant 1, a legal entity (LLC B) holds an ownership interest of more than 25% in the company subject to report (LLC A), and a natural person (Person 2) exercises direct control over that legal entity. Among other possibilities, control is exercised in the case of an ownership interest of more than 50%.

Direct beneficial owners of LLC A:

- Person 1 (ownership) – 70%

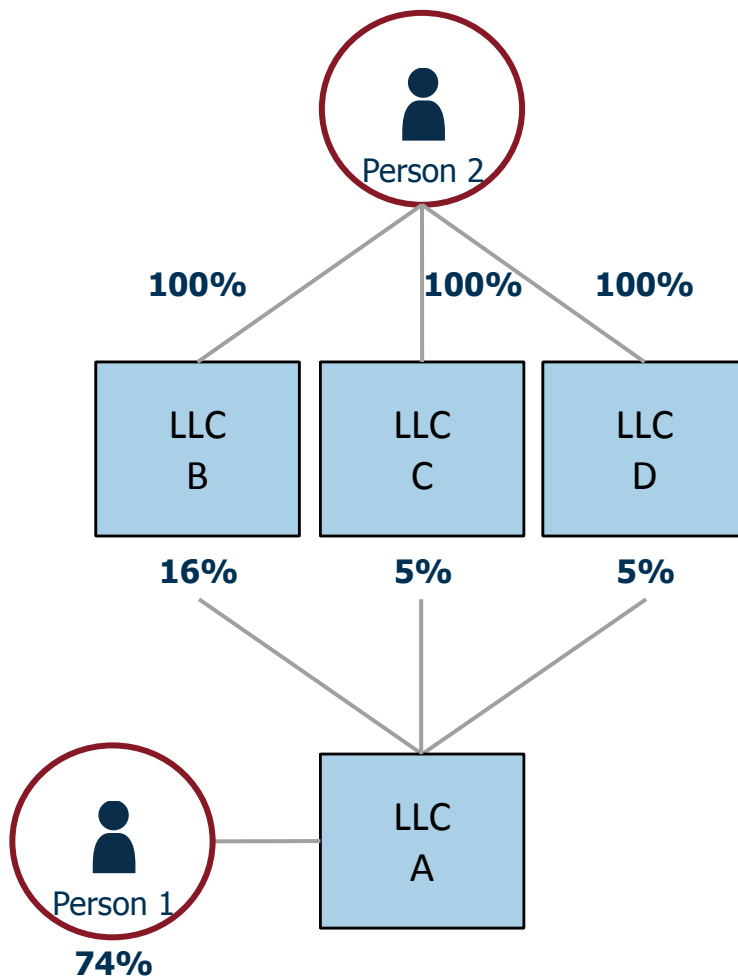
Indirect beneficial owners of LLC A:

- Person 2 (control – indirect ownership of the legal entity) – 30%
→ Ultimate legal entity: LLC B (100%)

Art. 2 no. 1 lit. a sublit. bb BORA:

indirect beneficial owner: where a legal entity holds a shareholding or voting rights of more than 25 % or an ownership interest of more than 25 % in the company and a natural person or several natural persons together jointly exercise direct or indirect control over this legal entity, then this/these natural person(s) shall be considered as indirect beneficial owner(s) of the company.

Indirect beneficial owners – Variant 2



Person 2 holds an indirect ownership interest in LLC A via the LLCs B, C and D.

Person 2 is an indirect beneficial owner of LLC A, since Person 2 exercises direct control over legal entities holding a total ownership interest of more than 25% in LLC A. The sum of the ownership interests of LLC B, LLC C and LLC D makes up 26% of the ownership of LLC A.

Direct beneficial owners of LLC A:

- Person 1 (ownership) – 74%

Indirect beneficial owners of LLC A:

- Person 2 (control – indirect ownership in the legal entity) – 26%
→ Ultimate legal entities: LLC B (100%), LLC C (100%) and LLC D (100%)

Art. 2 no. 1 lit. a sublit. bb BORA:

...
If several legal entities that are directly or indirectly controlled by the same natural person(s) hold a total directly held holding of shares or voting rights or an ownership interest of more than 25 % of the company, then this/these natural person(s) shall be considered as an beneficial owners.

Indirect beneficial owners – Definition of control

From the 2nd level of participation upwards, **control** is required for the existence of beneficial ownership. The term 'control' is defined in Art. 2 no. 1 lit. a sublit. bb BORA. Control is deemed to exist if a natural person

- holds, directly or indirectly, a shareholding of more 50% plus one share or an ownership interest of more than 50%;
- meets one or more the criteria specified in Art. 244 para. 2 UGB:
 - holds a majority of the shareholders' voting rights,
 - has the right to appoint or remove a majority of the members of the administrative, management or supervisory body and is simultaneously a shareholder, or
 - has the right to exercise a controlling influence,
 - has the right, based on a contract with one or more shareholders of a subsidiary, to decide how the shareholders' voting rights will be exercised, to the extent that their votes, together with the natural person's own voting rights, are necessary to achieve a majority of all the votes necessary to appoint or remove a majority of the members of the management or supervisory body
- exercises a function pursuant to Art. 2 no. 2 or no. 3 BORA at an ultimate legal entity;
- exercises ultimate control over the company by other means;
- exercises control over trust assets (shareholding, ownership interest) by virtue of a corresponding trust agreement or similar legal agreement.

It should be noted that the different variants are not mutually exclusive and multiple variants can be in effect simultaneously.

Details on the definition of control in the context of the BORA can be found in the corresponding decree issued by the Federal Ministry of Finance (BORA , - Federal Ministry of Finance Decree).

Indirect beneficial owners

Depending on the nature and scope of the beneficial interest of an indirect beneficial owner, the correct selection must be made when reporting:

Control – Indirect ownership in the legal entity

To be selected if the indirect beneficial owner to be reported indirectly holds a shareholding, voting interest or ownership interest in the legal entity with an obligation to report (1st level) without exercising a function in a foreign foundation, trust or agreement of a nature similar to a trust (see page 8).

Control – “Function description” (for foreign foundations, trusts or agreements of a nature similar to trusts)

To be selected if the indirect beneficial owner to be reported exercises the respective function in one of the following foreign ultimate legal entities (see page 18):

- Trust (Art. 2 no. 2 BORA)
- Foundation or comparable legal entity (Art. 2 no. 3 BORA)
- Agreement of a nature similar to a trust (Art. 2 no. 3 BORA)

Important: If domestic foundations or trusts are the ultimate legal entities, then indirect beneficial owners may not be associated with them in the report. The data for these persons will be obtained automatically from the registrations of the respective foundations or trusts.

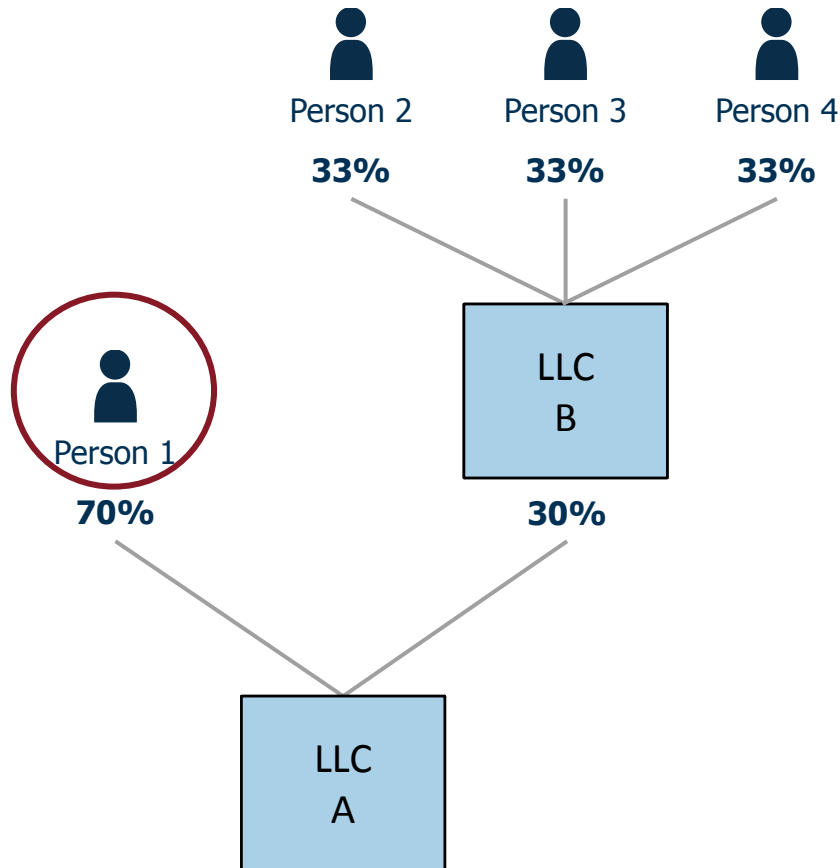
Control

To be selected if control pursuant to Art. 244 para. 2 nos. 2 to 4 UGB is exercised at the 1st level, control is exercised by other means, or control exists by virtue of a trusteeship agreement.

Other means

To be selected if the beneficial interest of the indirect beneficial owner to be reported cannot be assigned to any other category.

Indirect beneficial owners – Definition of control



Direct beneficial owners of LLC A :

- Person 1 (ownership) – 70%

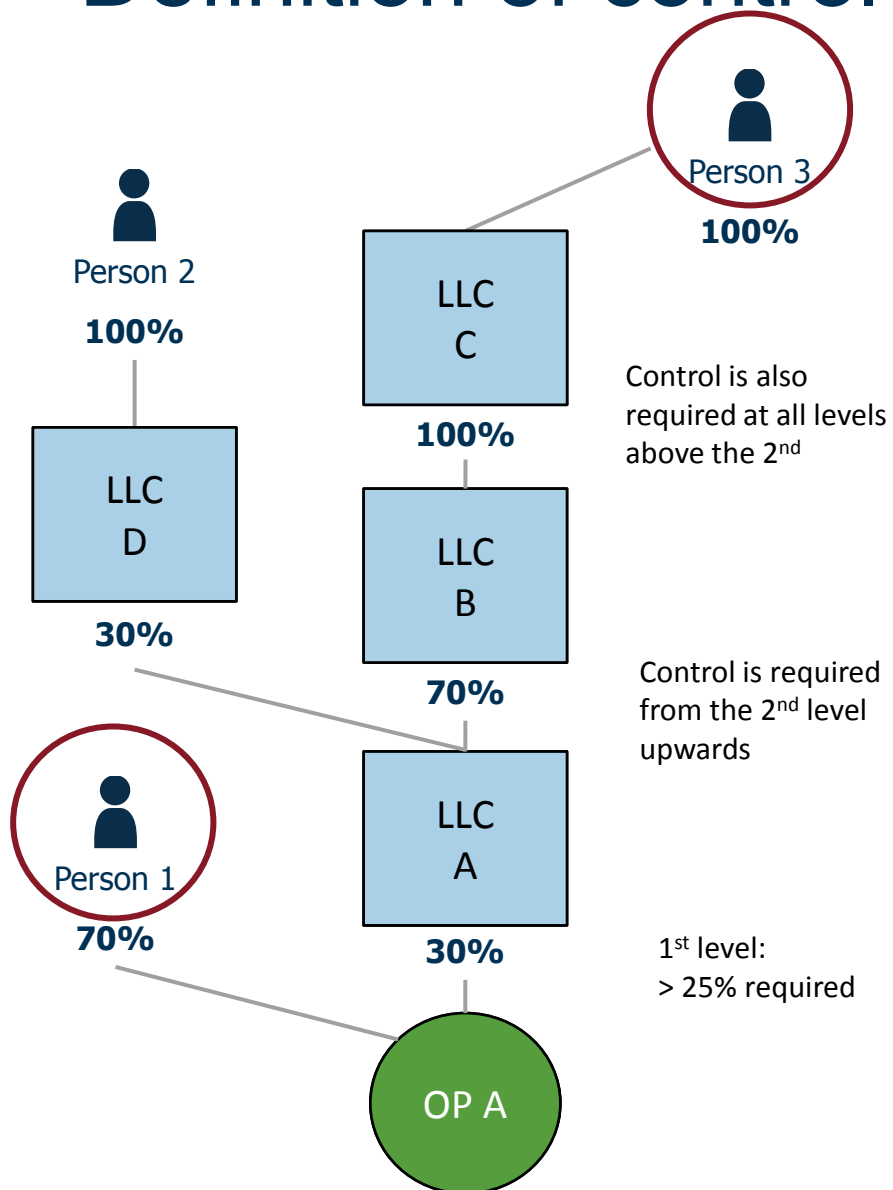
To determine whether Persons 2, 3 or 4 are indirect beneficial owners of LLC A, it is necessary to determine whether an ownership interest of more than 25% exists at the first level (partners in LLC A). Since LLC B holds a 30% share in LLC A, this condition is met.

Next it must be determined whether LLC B is directly or indirectly controlled by one or more natural persons. Persons 2, 3 and 4 hold ownership interests of 33% each in LLC B and therefore do not individually exercise control over LLC B, since control is deemed to exist only at an ownership interest of more than 50%. Other conditions for control are not met in this example (see below).

Art. 2 no. 1 lit. a sublit. bb BORA:

...
Control is deemed to exist in the case of a **shareholding of 50% plus one share or an ownership interest of more than 50%, held either directly or indirectly**. Furthermore, control shall also be deemed to exist if the criteria pursuant to Article 244 para. 2 UGB are met, or if a function pursuant to nos. 2 or 3 is exercised at an ultimate legal entity, or if a trustor or a comparable person exercises control by means of a trusteeship or comparable legal relationship.

Indirect beneficial owners – Definition of control



Person 2 is not an indirect beneficial owner, since they do not exercise control at the 2nd level (ownership interest < 50%). Person 3, on the other hand, is an indirect beneficial owner, since there is a chain of control from the 2nd level upwards with ownership interest of more than 50% at each level.

Direct beneficial owners of OP A:

- Person 1 (ownership) – 70%

Indirect beneficial owners of OP A:

- Person 3 (control – indirect ownership in the legal entity) – 30%
→ Ultimate legal entity: LLC C (100%)

By default, intermediate levels do not need to be reported.

Ultimate legal entities

Depending on the nature and scope of the beneficial interest of an indirect beneficial owner, the correct selection regarding the ultimate legal entity must be made when reporting:

Shareholding, voting interest or ownership interest (of the indirect beneficial owner)

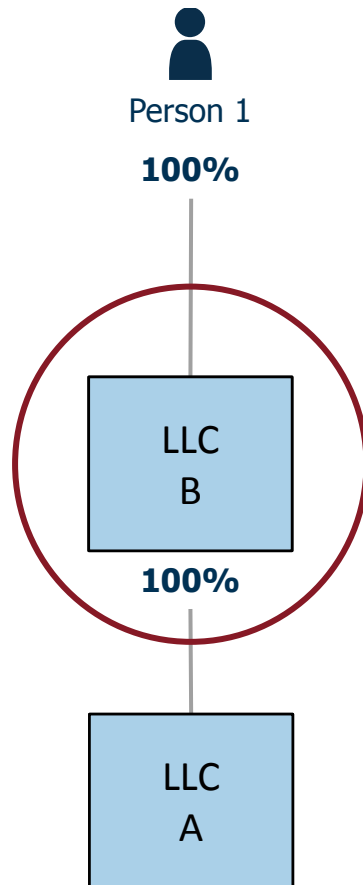
The directly held shareholding, voting interest or ownership interest of the beneficial owner **in the ultimate legal entity** must be entered into this field. If several conditions are met (e.g. if the beneficial owner holds an ownership interest as well as a voting interest), the largest interest must be specified.

Control (checkbox)

This checkbox must be checked if the beneficial owner exercises **control over the ultimate legal entity**

- by virtue of fulfilment of the criteria in Art. 244 para. 2 nos. 2 to 4 UGB;
- by virtue of occupying a position pursuant to Art. 2 nos. 2 or 3 BORA at a foreign ultimate legal entity (founder, beneficiary, member of the management board etc.);
- by exercising ultimate control by other means
- by virtue of a corresponding trusteeship agreement or comparable legal agreement where the trust assets include a shareholding or ownership interest of more than 50% in the ultimate legal entity.

Ultimate legal entities



The ultimate legal entity of LLC A is LLC B, as it is directly controlled by Person 1.

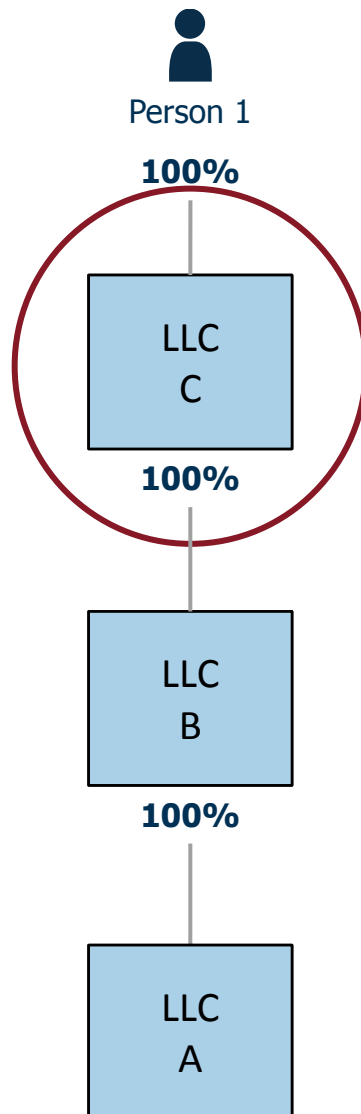
Indirect beneficial owners of LLC A:

- Person 1 (control – indirect ownership in the legal entity) – 100 %
→ Ultimate legal entity: LLC B (100%)

Definition of ultimate legal entity according to Art. 2 no. 1 lit. a BORA:

Ultimate legal entities are those legal entities in a chain of participations that are controlled directly by indirect beneficial owners as well as those legal entities in which indirect beneficial owners directly hold shares or an ownership interest, if they constitute beneficial ownership together with the aforementioned legal entity/entities. If the beneficial owner performs a function pursuant to no. 2 or no. 3, then the respective legal entity is always considered an ultimate legal entity.

Ultimate legal entities



The ultimate legal entity of LLC A is LLC C, since it is directly controlled by Person 1.

Indirect beneficial owners of LLC A:

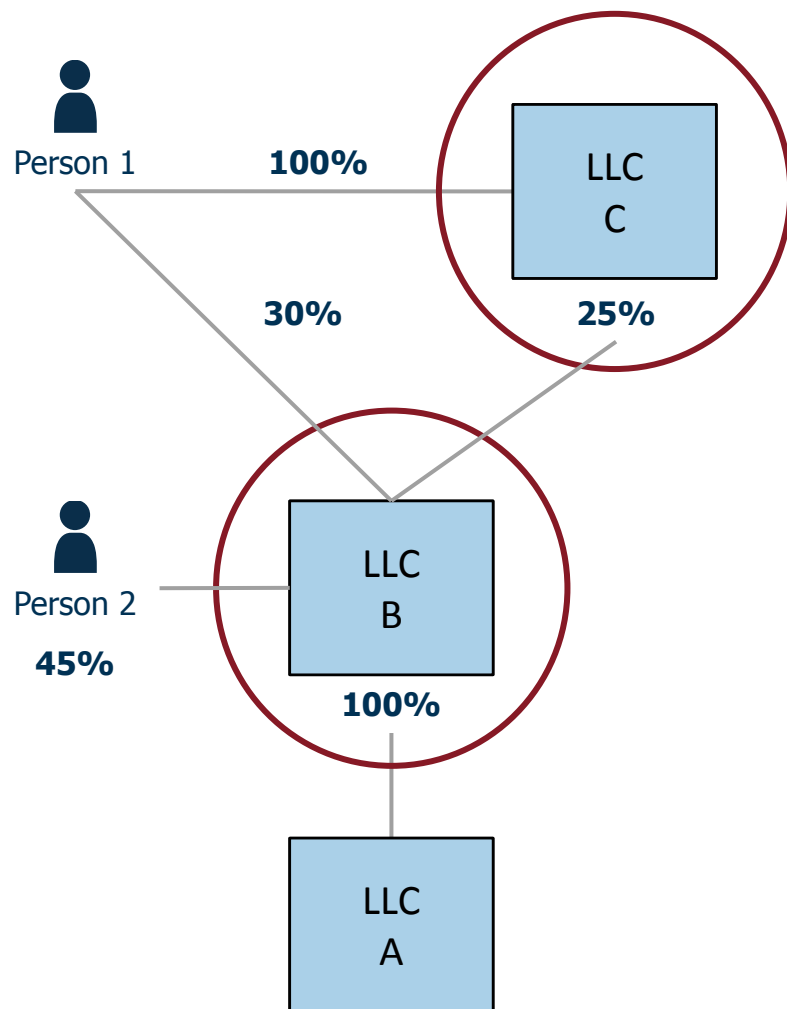
- Person 1 (control – indirect ownership in the legal entity) – 100 %
→ Ultimate legal entity: LLC C (100%)

LLC B is not an ultimate legal entity and does not need to be reported. By default, intermediate levels do not need to be reported.

Definition of ultimate legal entity according to Art. 2 no. 1 lit. a BORA:

Ultimate legal entities are those legal entities in a chain of participations that are controlled directly by indirect beneficial owners as well as those legal entities in which indirect beneficial owners directly hold shares or an ownership interest, if they constitute beneficial ownership together with the aforementioned legal entity/entities. If the beneficial owner performs a function pursuant to no. 2 or no. 3, then the respective legal entity is always considered an ultimate legal entity.

Ultimate legal entities



The ultimate legal entities of LLC A are LLC B and LLC C:

- LLC C is an ultimate legal entity because it is directly controlled by Person 1.
- LLC B is an ultimate legal entity because Person 1 holds an ownership interest in LLC B that is required to constitute the beneficial ownership of Person 1.

Person 2 is not a beneficial owner, since they do not exercise control over LLC B.

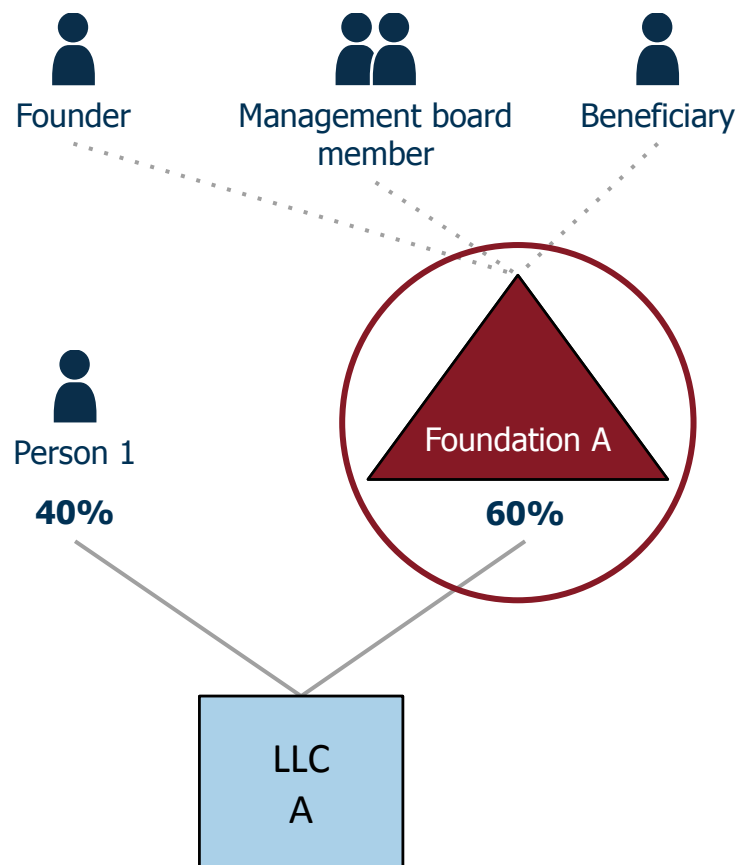
Indirect beneficial owners of LLC A:

- Person 1 (control – indirect ownership in the legal entity) – 100%
→ Ultimate legal entities: LLC B (30%) and LLC C (100%)

Definition of ultimate legal entity according to Art. 2 no. 1 lit. a BORA:

*Ultimate legal entities are those legal entities in a chain of participations that are controlled directly by indirect beneficial owners **as well as those legal entities in which indirect beneficial owners directly hold shares or an ownership interest, if these constitute beneficial ownership together with the aforementioned legal entity/entities.** If the beneficial owner performs a function pursuant to no. 2 or no. 3, then the respective legal entity is always considered an ultimate legal entity.*

Ultimate legal entities



The ultimate legal entity of LLC A is Foundation A, since its beneficial owners exercise control over the foundation by virtue of their functions and Foundation A holds an ownership interest of more than 25% in LLC A.

Direct beneficial owners of LLC A:

- Person 1 (ownership) – 40%

Indirect beneficial owners of LLC A:

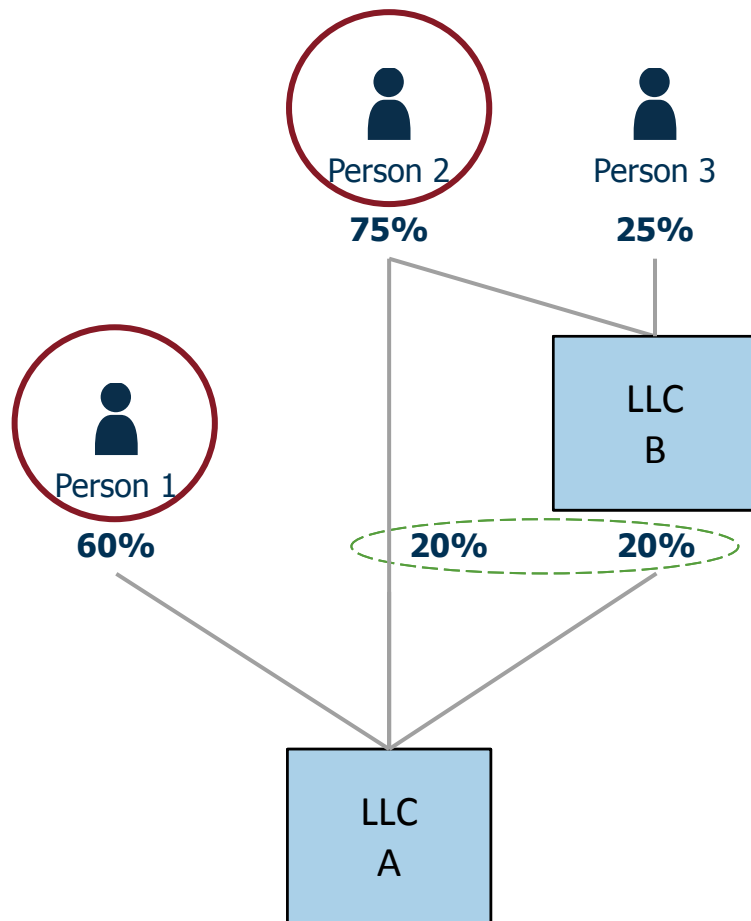
- Founder (control – founder)*
- Foundation board member (control – member of management board)*
- Beneficiary (control – beneficiary)*
→ Ultimate legal entity: Foundation A (control)

Art. 2 no. 1 lit. a sublit. bb BORA:

Control is deemed to exist in the case of a shareholding of 50% plus one share or an ownership interest of more than 50%, held either directly or indirectly. Furthermore, control shall also be deemed to exist if the criteria pursuant to Article 244 para. 2 UGB are met, **or if a function pursuant to nos. 2 or 3 is exercised at an ultimate legal entity**, or if a trustor or a comparable person exercises control by means of a trustee relationship or a comparable legal relationship.

* If the foundation itself is registered in the Register, then only the foundation needs to be reported as ultimate legal entity.

Addition of direct and indirect interests



Exemption from obligation to report pursuant to Art. 6:

No exemption, since one of the partners is a legal entity.

Direct beneficial owners of LLC A:

- Person 1 (ownership) – 60%

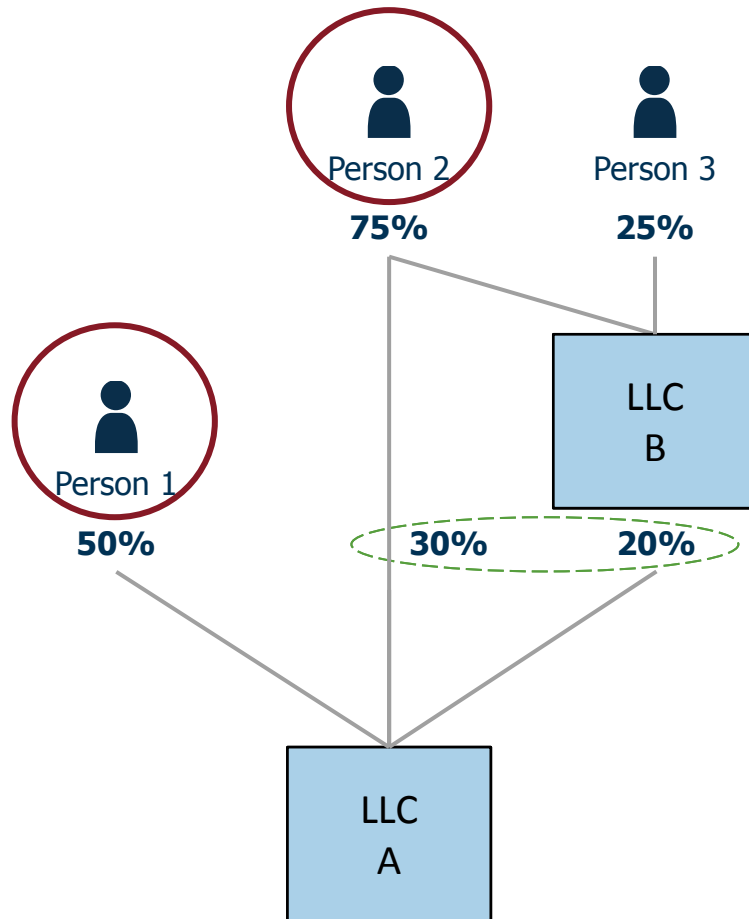
Indirect beneficial owners of LLC A:

- Person 2 (control – indirect ownership in the legal entity) – 40%
→ Ultimate legal entity: LLC B (75%)

The required 25% ownership interest of Person 2 in LLC A is constituted through the combination of the direct interest of 20% and the indirect interest of 20% held via LLC B. For the addition of the direct and indirect interests, it is necessary for Person 2 to exercise control over LLC B. This is the case in this example, since Person 2 holds an interest of 75% in LLC B.

In combination with the direct interest in LLC A held by Person 2, beneficial ownership is therefore constituted via LLC B, even though LLC B holds an interest of only 20% in LLC A, which would not constitute beneficial ownership by itself. For this reason, addition of interests must always occur exclusively at the same level of participation (Art. 2 no. 1 lit bb BORA).

Addition of direct and indirect interests



Exemption from obligation to report pursuant to Art. 6:

No exemption, since one of the partners is a legal entity.

Direct beneficial owners of LLC A:

- Person 1 (ownership) – 50%
- Person 2 (ownership) – 30%

Indirect beneficial owners of LLC A:

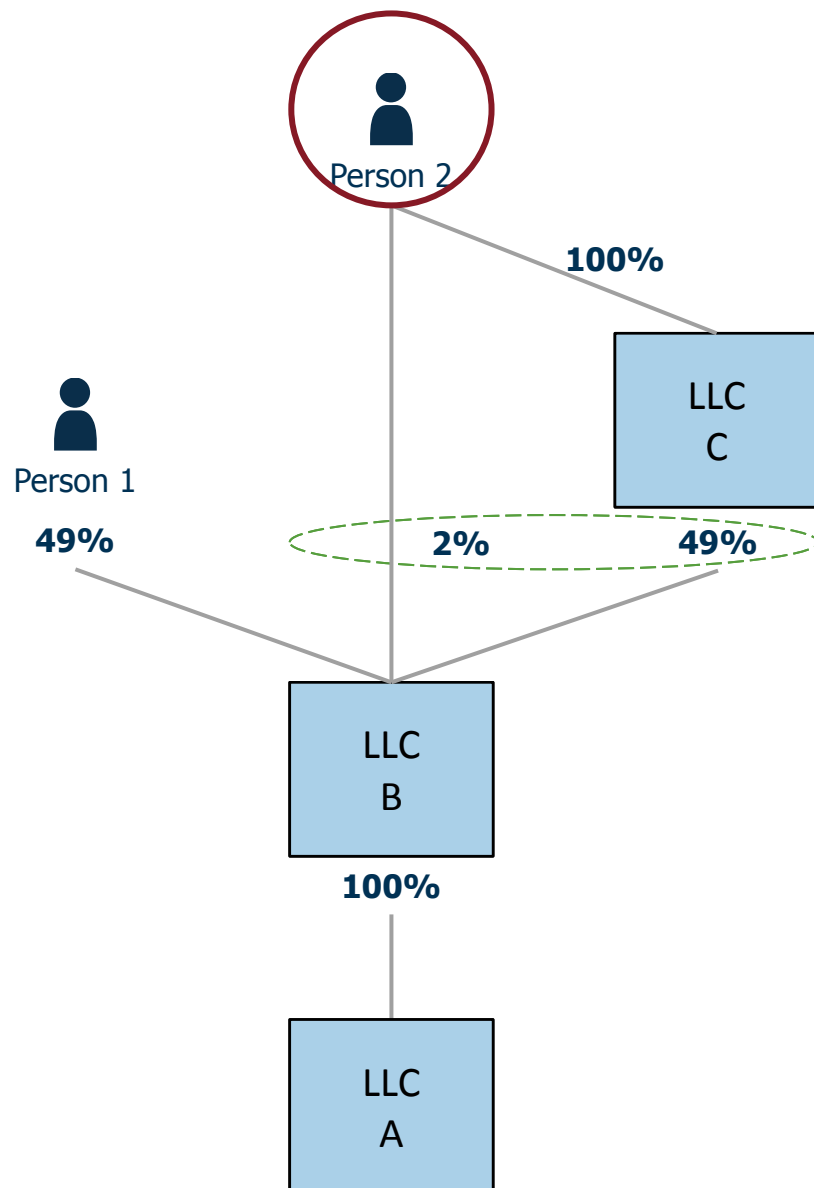
- Person 2 (control – indirect ownership in the legal entity) – 50%
→ Ultimate legal entity: LLC B (75%)

Person 2 holds a direct interest of 30% in LLC A and an indirect interest of 20% via LLC B. Therefore, Person 2 is a direct beneficial owner (direct ownership interest of 30%).

To determine whether Person 2 is an indirect beneficial owner, the directly and indirectly held interests must be added together. This results in Person 2 also being an indirect beneficial owner (indirect ownership in the legal entity – 50%).

Person 2 must therefore be reported both as a direct and as an indirect beneficial owner.

Addition of interests



Person 2 holds interests in LLC B and LLC C. There is no immediate control relationship between LLC C and LLC B, since LLC C holds an interest of less than 50% in LLC B. Person 2 must be reported as an indirect beneficial owner, however, since the direct interest of 2% in LLC B must be added to the 49% interest held by LLC C, resulting in a total interest of 51% and thus beneficial ownership by Person 2.

The ultimate legal entities of LLC A are LLC B and LLC C:

- LLC C is an ultimate legal entity because it is controlled directly by Person 2.
- LLC B is an ultimate legal entity because Person 2 holds an interest in LLC B that is required to constitute the beneficial ownership of Person 2.

Person 1 is not a beneficial owner, since they do not exercise control over LLC B.

Exemption from obligation to report pursuant to Art. 6:
No exemption, since one of the partners is a legal entity.

Indirect beneficial owners of LLC A:

- Person 2 (control – indirect ownership in the legal entity) – 100%
→ Ultimate legal entities: LLC B (2%) and LLC C (100%)

Reporting of secondary beneficial owners

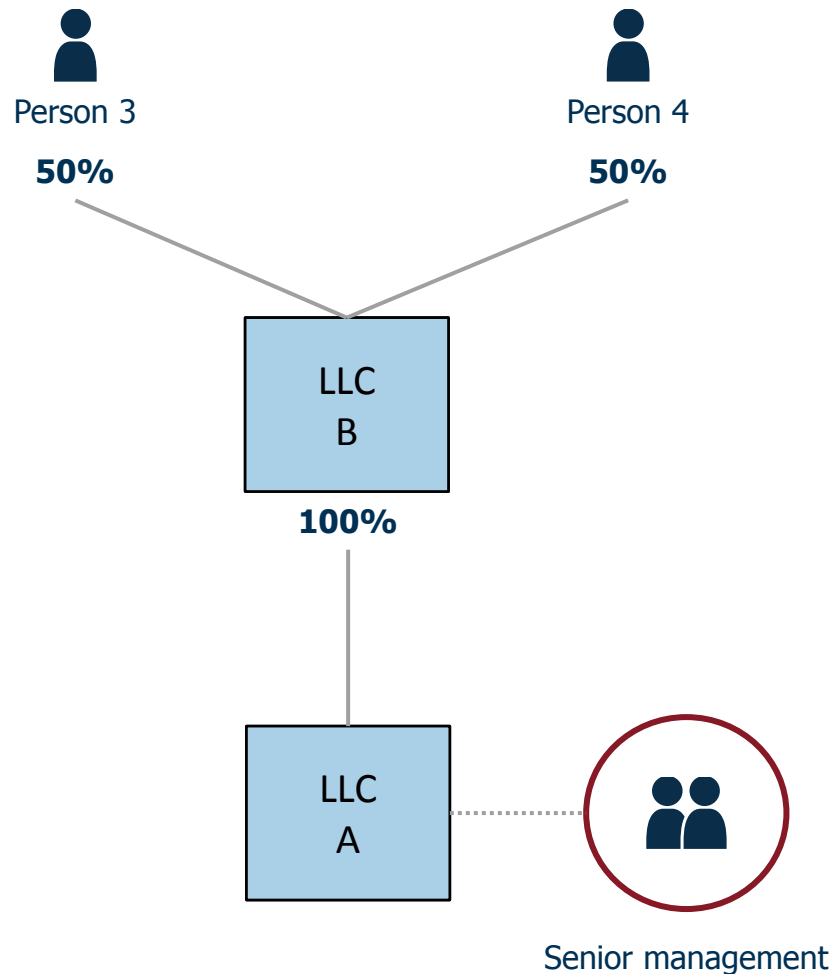
Art. 2 no. 1 lit. b BORA governs the reporting **of secondary beneficial owners**. In this case, the members of **senior management of the reporting legal entity** are entered into the register as beneficiary owners. In that case legal entities have to activate the checkbox “secondary reporting” in the reporting form.

The following points must be observed:

- Reporting of secondary beneficial owners is mandatory for legal entities for which **no** direct or indirect **beneficial owners exist**, for example because the legal entity has no owner (e.g. associations), because the participation thresholds are not met, or because no control exists at superordinate levels. The simplest example is a case where no owner holds an interest of more than 25%.
- Secondary reporting is mandatory for legal entities, if direct or indirect beneficial owners cannot be determined despite **all possible means being exhausted**, for example because the legal or beneficial owners refuse to submit the necessary documents. Detailed information on this case can be found in the BORA - Federal Ministry of Finance Decree, section 2.10.

Reporting of secondary beneficial owners without the required conditions being met represents a breach of reporting obligations pursuant to Art. 15 BORA.

Secondary reporting of beneficial owners



Exemption from obligation to report pursuant to Art. 6:

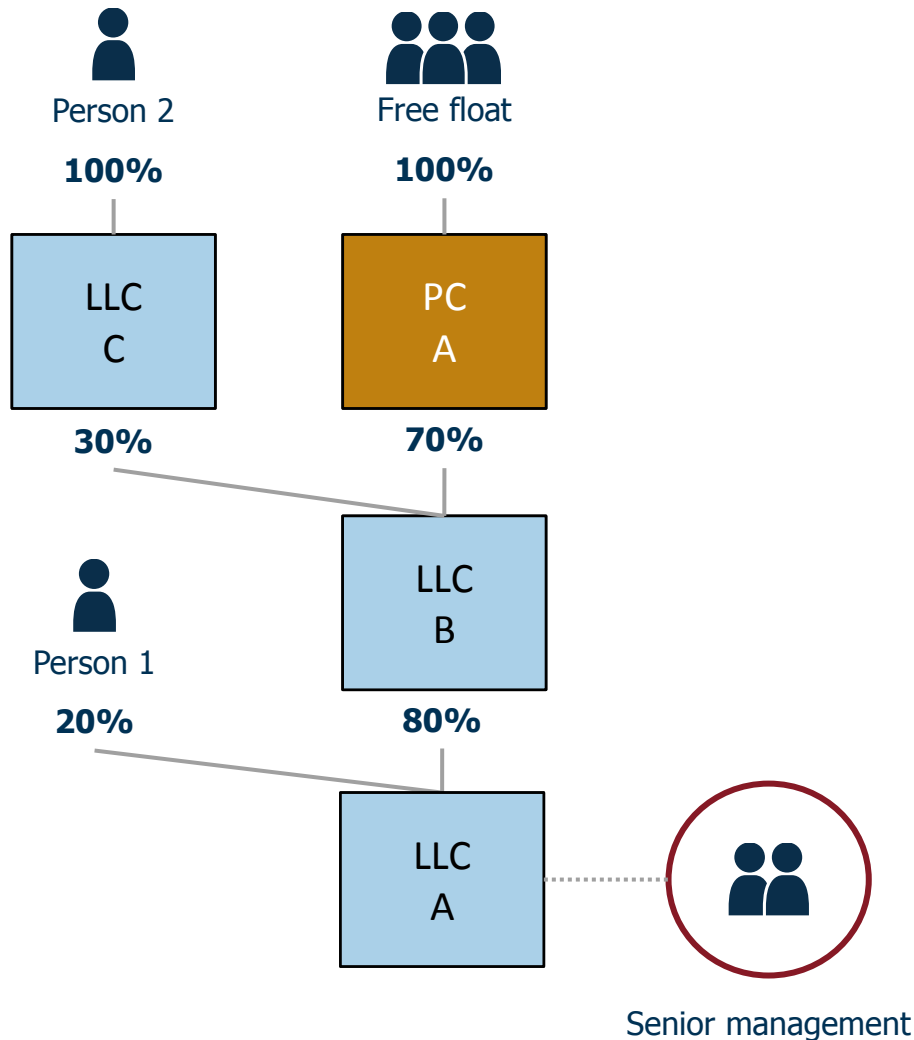
No exemption, since one of the partners is a legal entity.

Due to the size of the interests of its owners, LLC A has no direct or indirect beneficial owners and must therefore report its own senior management (in this case its board of directors) if no other control relationships exist.

Direct beneficial owners of LLC A:

- Board of directors of LLC A (member of senior management)

Secondary reporting of beneficial owners



Exemption from obligation to report pursuant to Art. 6:

No exemption, since one of the partners is a legal entity.

Person 1 is not a beneficial owner LLC A, since they do not hold an interest of more than 25%.

LLC B holds an 80% interest in LLC A. LLC C holds an interest of less than 50% in LLC B and is entirely owned by Person 2. Since LLC C does not exercise control over LLC B, Person 2 is not a beneficial owner.

Public company A (PC A) holds an interest of more than 50% in LLC B and is therefore relevant for the determination of indirect beneficial ownership. No natural person holds more than 50% of the shares in PC A, however, and no natural person therefore exercises control over PC A.

LLC A therefore has neither direct nor indirect beneficial owners and must report its own senior management, in this case its board of directors.

Direct beneficial owners of LLC A:

- Board of directors of LLC A (member of senior management)

Exemption from obligation to report

What exemptions from the obligation to report exist?

To reduce administrative costs for affected legal entities, an exemption from the obligation to report was established for cases in which data can be transferred automatically from existing registers like the Commercial Register. Art. 6 BORA governs this exemption in detail.

The case examples in this presentation specify whether a principal exemption from the obligation to report exists. The reporting form includes an item for exemption from the obligation to report on the form page "Legal entity". If the exemption conditions apply, the system automatically recognizes this fact and notifies the user.

Please note that the exemption from the obligation to report does not apply if another natural person, i.e. a person whose data was not transferred automatically, is a beneficial owner of the legal entity. This can be the case in particular if a natural person exercises control over the legal entity. In such cases, reporting is mandatory.

Note: As a result of the GDPR amendment, Art. 6 BORA will be amended as well. This amendment will be relevant in particular with regard to limited partners in private limited partnerships.

Ordinary partnership – OP

Example 1

The partners in OP A are natural persons.

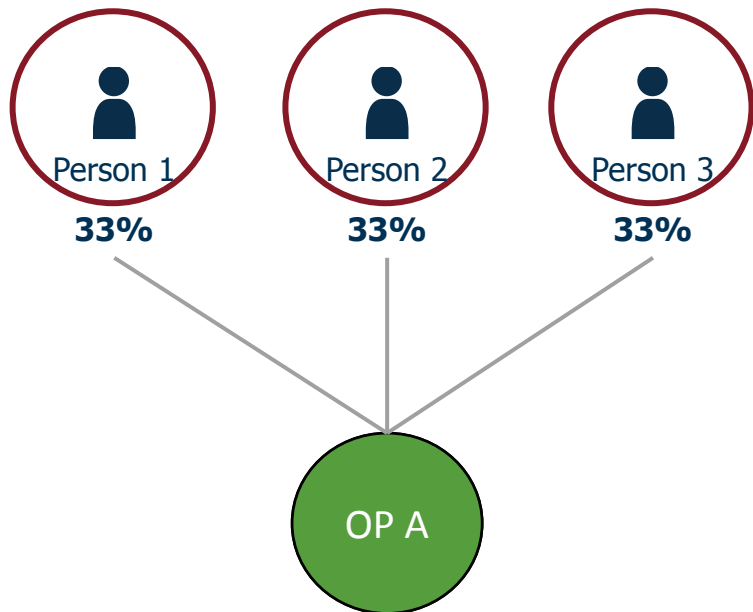
Exemption from obligation to report pursuant to Art. 6:

Yes, since all personally liable partners are natural persons.

Direct beneficial owners of OP A:

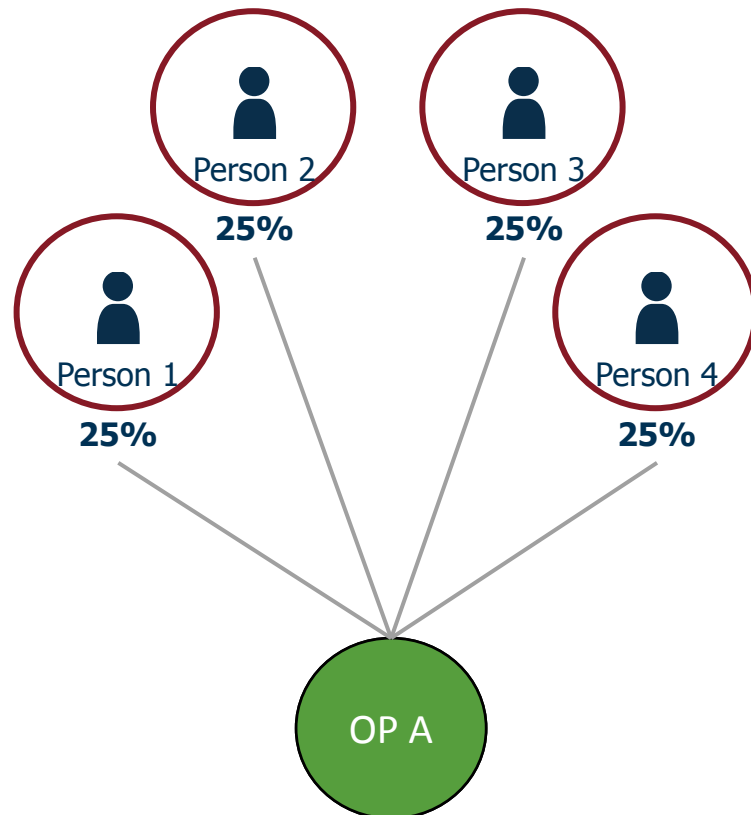
- Person 1 (ownership) – 33%
- Person 2 (ownership) – 33%
- Person 3 (ownership) – 33%

Due to automatic transfer of data into the register, all beneficial owners are automatically reported and OP A does not need to file a report.



Offene Gesellschaft – OG

Example 2



The partners in OP A are natural persons.

Exemption from obligation to report pursuant to Art. 6:

Yes, since all personally liable partners are natural persons.

Direct beneficial owners of OG A:

- Person 1 (member of senior management)
- Person 2 (member of senior management)
- Person 3 (member of senior management)
- Person 4 (member of senior management)

Since more than 3 persons are partners in OP A, it is assumed that none of the partners holds a capital interest of more than 25%. All managing partners are therefore automatically reported as secondary beneficial owners.

As long as no other persons exercise control over OP A, there is therefore no obligation to report.

Limited liability company – LLC

Example 1

The beneficial owners of LLC A are natural persons.

Exemption from obligation to report pursuant to Art. 6:

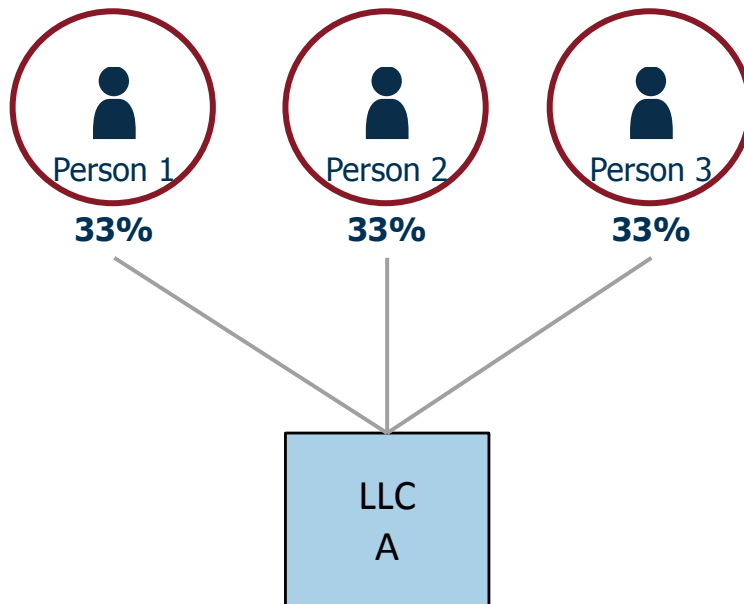
Yes, since all partners are natural persons.

Direct beneficial owners of LLC A:

- Person 1 (ownership) – 33%
- Person 2 (ownership) – 33%
- Person 3 (ownership) – 33%

Thanks to automatic transfer of data into the register, all immediate beneficial owners are automatically reported.

LLC A would be obligated to file a report only if one or more other natural persons exercised control over LLC A. This is not the case in this example, however.



Limited liability company – LLC

Example 2

The beneficial owners of LLC A are natural persons.

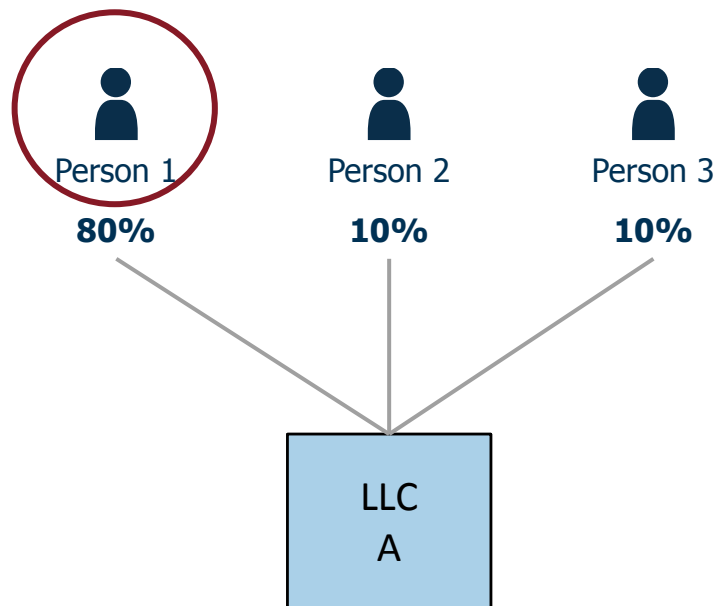
Exemption from obligation to report pursuant to Art. 6:

Yes, since all partners are natural persons.

Thanks to automatic transfer of data from the Commercial Register, all beneficial owners (i.e. Person 1) are automatically reported. LLC A does not have to file a report, since no other person exercises direct or indirect control over the senior management of LLC A.

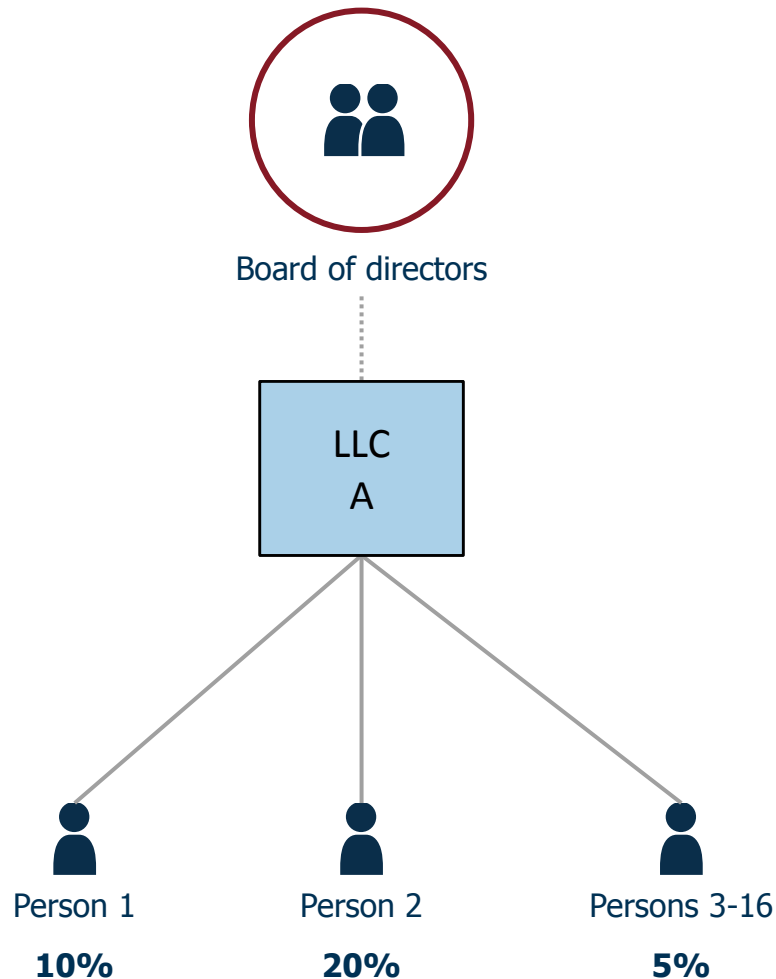
Direct beneficial owners of LLC A:

- Person 1 (ownership) – 80%



Limited liability company – LLC

Example 3



No natural person holds a direct or indirect interest of more than 25% in LLC A.

Exemption from obligation to report pursuant to Art. 6:

Yes, since all partners are natural persons.

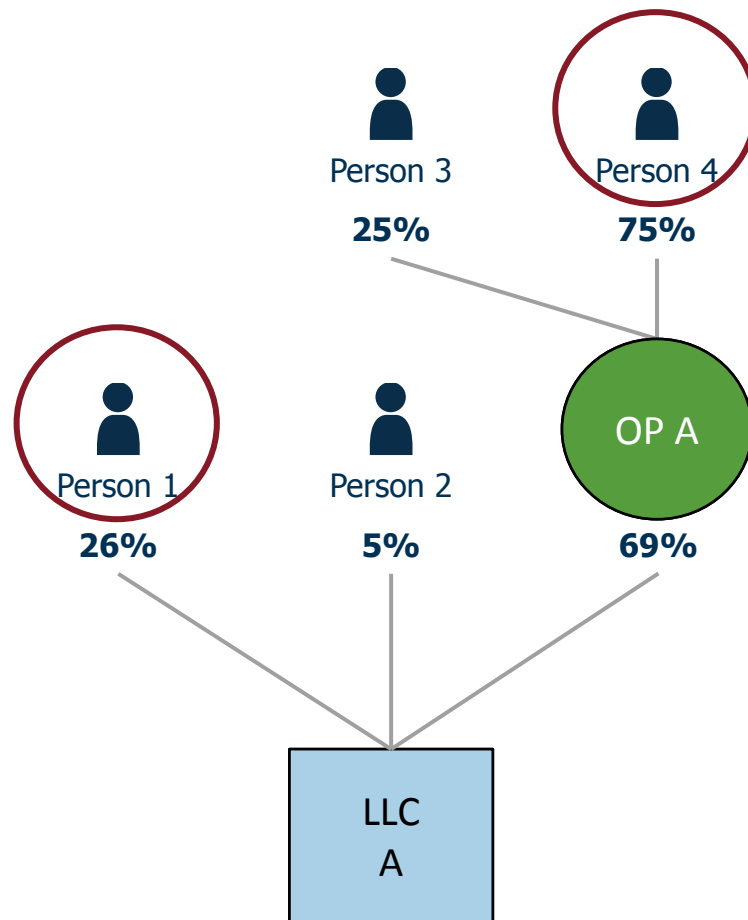
Since no partner holds an interest of more than 25% in LLC A, the members of the board of directors registered in the Commercial Register are automatically reported as secondary beneficial owners:

Direct beneficial owners of LLC A:

- Board of directors (member of senior management)

Limited liability company – LLC

Example 4



Exemption from obligation to report pursuant to Art. 6:

No, since not all personally liable partners are natural persons.

Direct beneficial owners of LLC A:

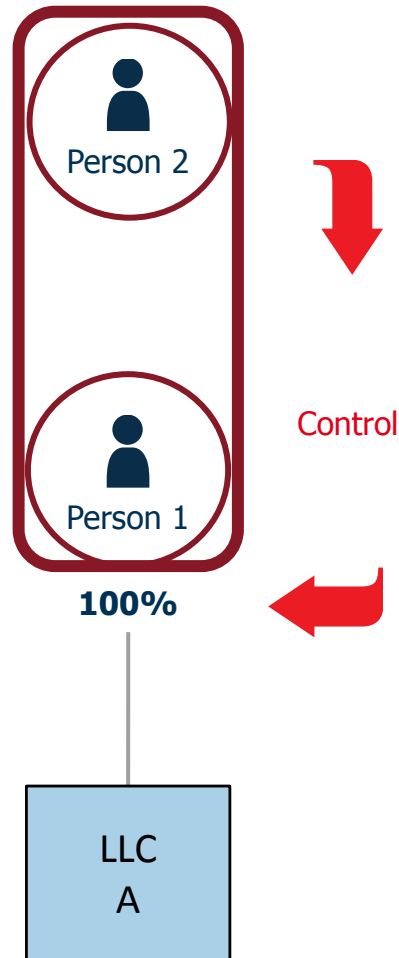
- Person 1 (ownership) – 26%

Indirect beneficial owners of LLC A:

- Person 4 (control – indirect ownership in the legal entity) – 69%
→ Ultimate legal entity: OP A (75%)

Trusteeships

Example 1



Persons 1 and 2 have concluded a trusteeship agreement. Person 1 (trustee) holds the interest in LLC A in trust for Person 2 (trustor).

Exemption from obligation to report pursuant to Art. 6: Principally yes, but does not apply in this case since Person 2 exercises control over LLC A.

By virtue of the trusteeship agreement, the trustor exercises control over the ownership interests (the trust assets) held by the trustee and is therefore deemed to be a beneficial owner of LLC A. **The conditions for exemption from the obligation to report are therefore not met**, and LLC A is obligated to report as follows:

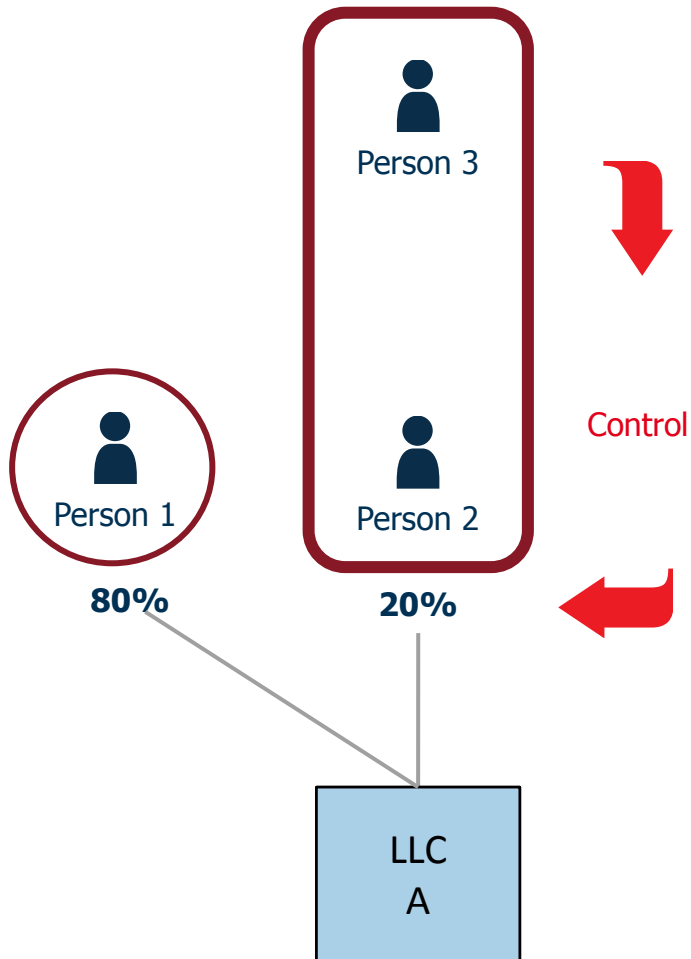
Direct beneficial owners of LLC A:

- Person 1 (ownership) – 100%
→ Does a trusteeship exist: Yes (trustee)
- Person 2 (control)
→ Does a trusteeship exist: Yes (trustor)

By virtue of their ownership under civil law, the trustee remains a beneficial owner.

Trusteeships

Example 2



Persons 2 and 3 have concluded a trusteeship agreement.

Exemption from obligation to report pursuant to Art. 6:

Yes, since all personally liable partners are natural persons and no other natural person exercises control over LLC A.

Direct beneficial owners of LLC A:

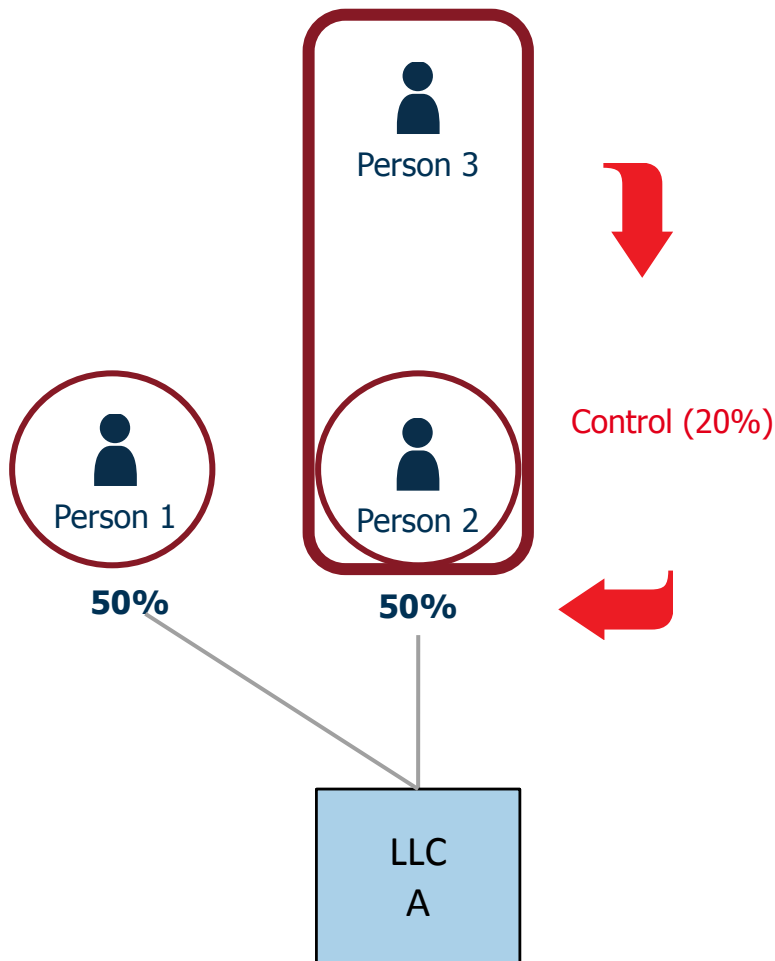
- Person 1 (ownership) – 80%
→ Does a trusteeship exist: No

The trusteeship between Person 3 and Person 2 is not relevant, since Person 2 is not a beneficial owner of LLC A. The trust assets therefore do not constitute beneficial ownership by the trustor. For the same reason, Person 3 cannot be a beneficial owner of LLC A by way of the ownership interest held in trust.

Note: The trusteeship agreement between Person 2 and Person 3 does not need to be reported, as it has no relevance for the beneficial ownership in LLC A.

Trusteeships

Example 3



Persons 2 and 3 have concluded a trusteeship agreement. Person 2 holds an ownership interest of 20% in trust for Person 3.

Exemption from obligation to report pursuant to Art. 6:

Yes, since all personally liable partners are natural persons and no other natural person exercises control over LLC A.

Direct beneficial owners of LLC A:

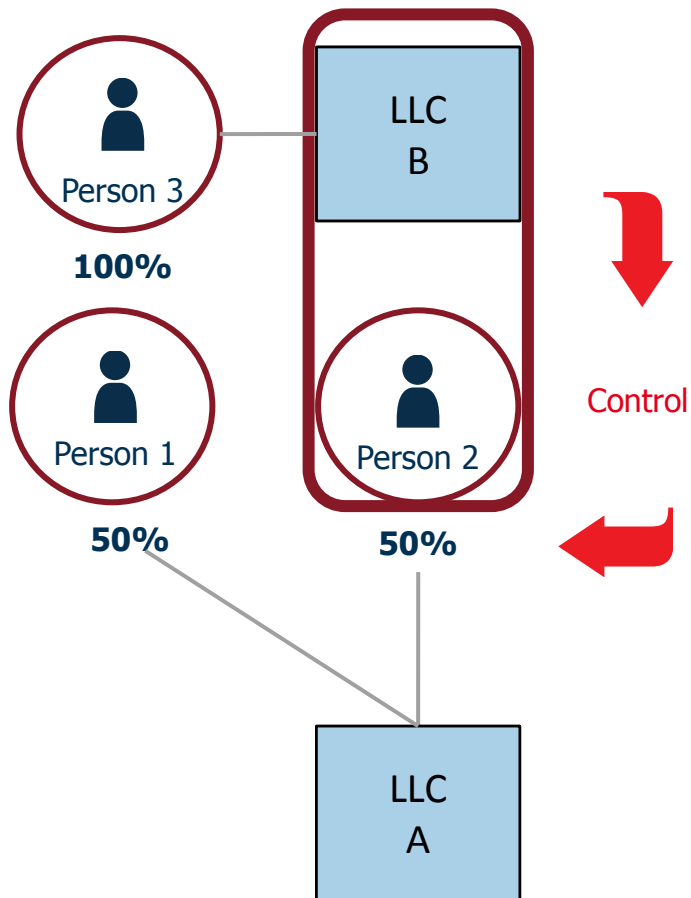
- Person 1 (ownership) – 50%
→ Does a trusteeship exist: No
- Person 2 (ownership) – 50%
→ Does a trusteeship exist: No

The trusteeship between Person 3 and Person 2 does not constitute beneficial ownership by Person 3, since Person 3 only exercises control over 20% of the ownership interest. More than 25% would be required for beneficial ownership, however. The trust assets therefore do not constitute beneficial ownership by the trustor.

In contrast to Example 2, however, the trustee is a beneficial owner. The trusteeship does not need to be reported, since it affects an ownership interest of 25% or less and is therefore not relevant for the purposes of the BORA.

Trusteeships

Example 4



Person 2 and LLC B have concluded a trusteeship agreement. Person 2 holds an ownership interest of 50% in trust for LLC B.

Exemption from obligation to report pursuant to Art. 6: Principally yes, but does not apply in this case since Person 3 exercises control over LLC A.

Direct beneficial owners of LLC A:

- Person 1 (ownership) – 50%
→ Does a trusteeship exist: No
- Person 2 (ownership) – 50%
→ Does a trusteeship exist: Yes (trustee)

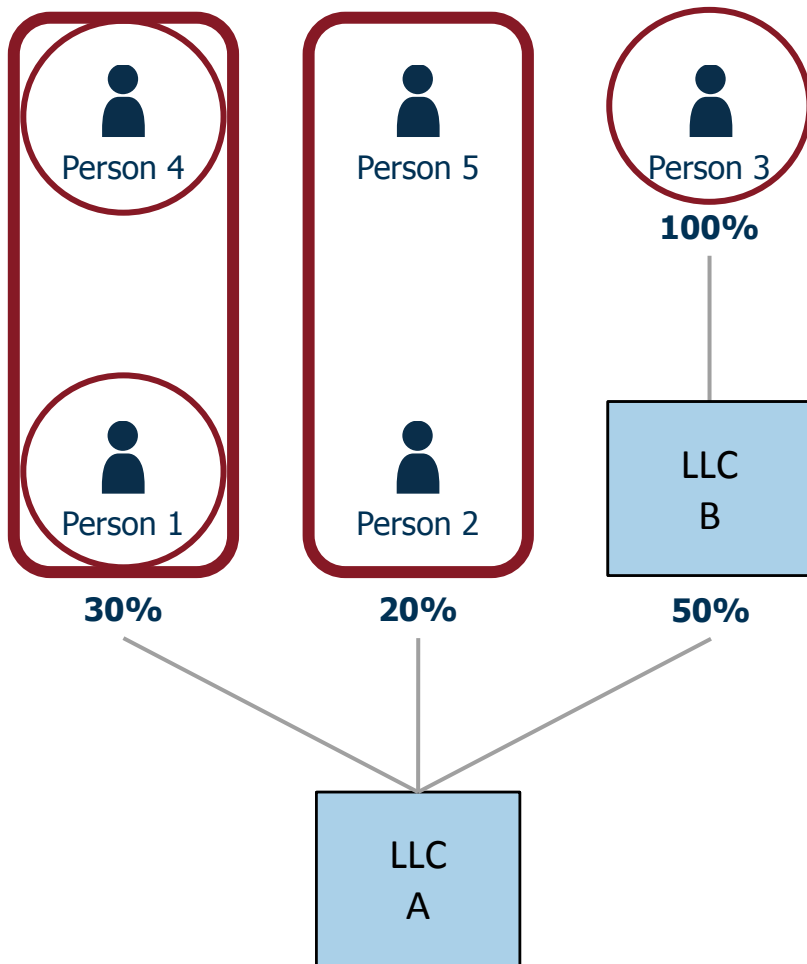
Indirect beneficial owners of LLC A:

- Person 3 (control)
→ Does a trusteeship exist: No
→ Ultimate legal entity: LLC B (100%)

The trusteeship between Person 2 and LLC B establishes a control relationship between Person 2 and LLC B. As a result, Person 3 also exercises ultimate control over LLC A.

Trusteeships

Example 5



The legal owners of LLC A are two natural persons (Persons 1 and 2) and one legal entity (LLC B). Person 1 holds an ownership interest of 30% in trust for Person 4, Person 2 holds an ownership interest of 20% in trust for Person 5. Since the interest held in trust by Person 1 constitutes beneficial ownership by Person 4, Persons 1 and 4 must be reported as direct beneficial owners. Persons 2 and 5, as well as the trusteeship between them, do not need to be reported since the ownership interest held in trust by Person 2 does not constitute beneficial ownership. In this example, Person 3 must also be reported as an indirect beneficial owner.

Exemption from obligation to report pursuant to Art. 6:

No exemption, since one of the partners is a legal entity.

Direct beneficial owners of LLC A:

- Person 1 (ownership) – 30%
→ Does a trusteeship exist: Yes (trustee)
- Person 4 (control)
→ Does a trusteeship exist: Yes (trustor)

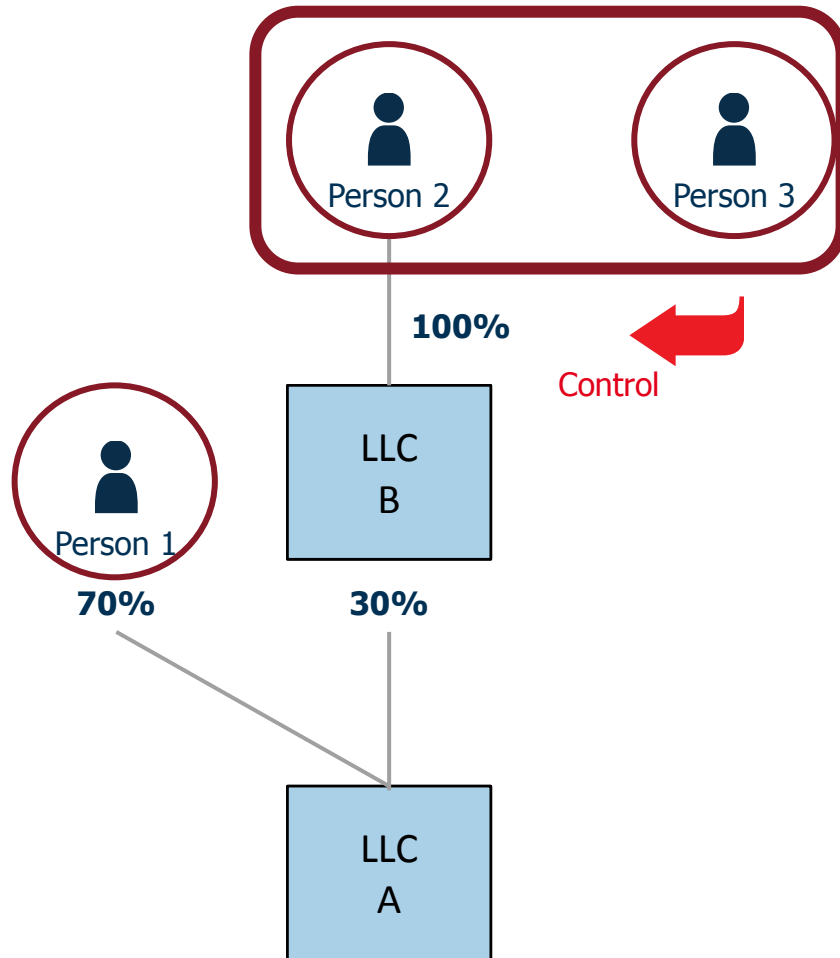
Indirect beneficial owners of LLC A:

- Person 3 (control – indirect ownership in the legal entity) – 50%
→ Ultimate legal entity: LLC B (100%)

Note: The trusteeship agreement between Person 2 and Person 5 does not need to be reported, as it has no relevance for the beneficial ownership in LLC A.

Trusteeships

Example 6



Persons 2 and 3 have concluded a trusteeship agreement.

Exemption from obligation to report pursuant to Art. 6:

No exemption, since one partner is a legal entity.

Direct beneficial owners of LLC A:

- Person 1 (ownership) – 70%
→ Does a trusteeship exist: No

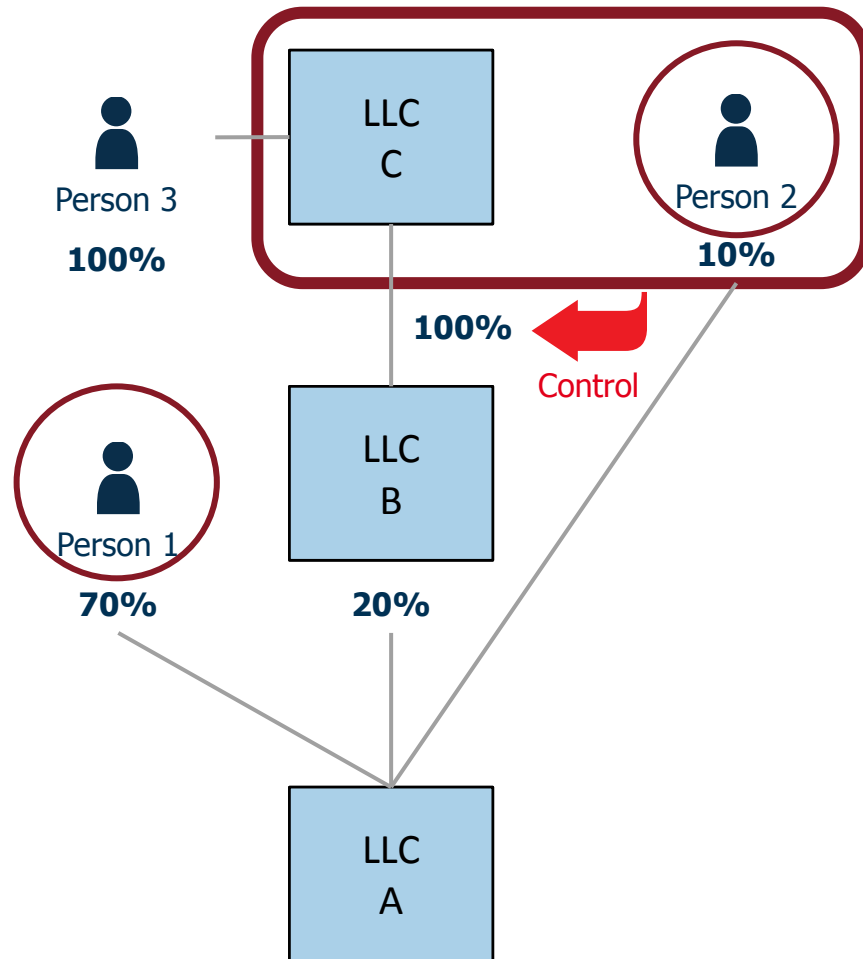
Indirect beneficial owners of LLC A:

- Person 2 (control – indirect ownership in the legal entity) – 30%
→ Does a trusteeship exist: Yes (trustee)
→ Ultimate legal entity: LLC B (100%)
- Person 3 (control – indirect ownership in the legal entity) – 30%
→ Does a trusteeship exist: Yes (trustor)
→ Ultimate legal entity: LLC B (control)

By virtue of the trusteeship agreement, Person 3 exercises control over the ownership interest in LLC B.

Trusteeships

Example 7



Person 2 and LLC C have concluded a trusteeship agreement. Person 2 also holds a direct ownership interest in LLC A.

Exemption from obligation to report pursuant to Art. 6:

No exemption, since one of the partners is a legal entity.

Direct beneficial owners of LLC A:

- Person 1 (ownership) – 70%
→ Does a trusteeship exist: No

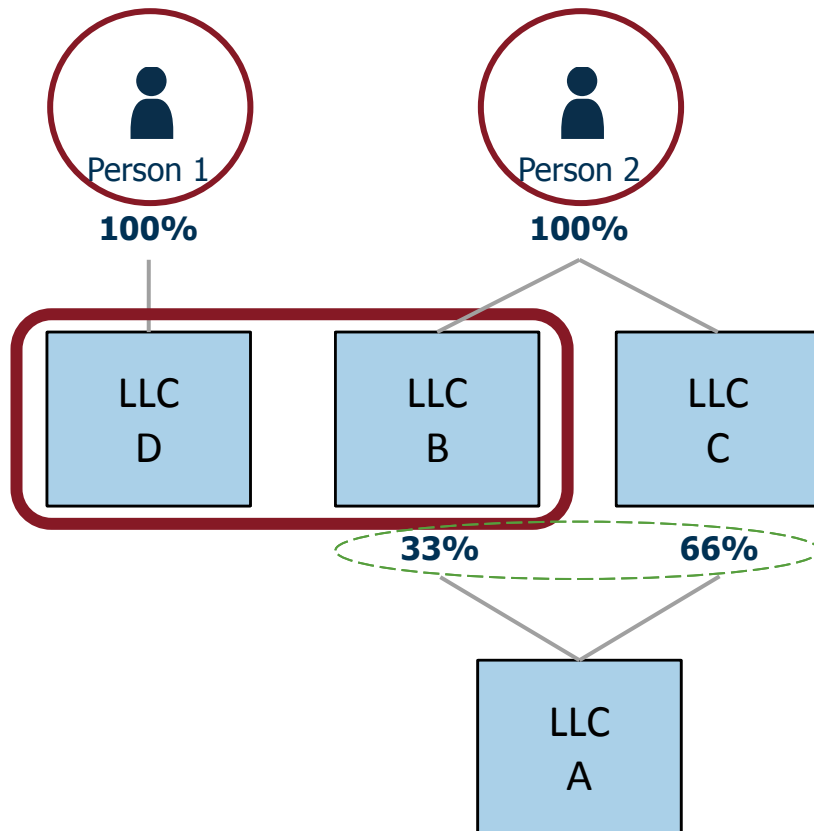
Indirect beneficial owners of LLC A:

- Person 2 (control – indirect ownership in the legal entity) – 30%
→ Does a trusteeship exist: Yes (trustor)
→ Ultimate legal entity: LLC B (control)

In this case, only the trustor from the trusteeship agreement is reported as an indirect beneficial owner, since the trustee is not a natural person. The trusteeship establishes a control relationship. The interest held directly by Person 2 must be added to the indirectly held interest, causing Person 2 to exercise indirect control over a total interest of 30% in LLC A.

Trusteeships

Example 8



LLC B and C are partners in LLC A. LLC B holds an interest of 33% in trust for LLC D. Person 2 is the sole owner of LLC B and LLC C. Person 1 is the sole owner of LLC D.

Exemption from obligation to report pursuant to Art. 6:

No exemption, since one of the partners is a legal entity.

Since trusteeship agreements are defined as one of the possibilities of exercising control, a control relationship is also established in the case of trusteeship agreements within the chain of participation.

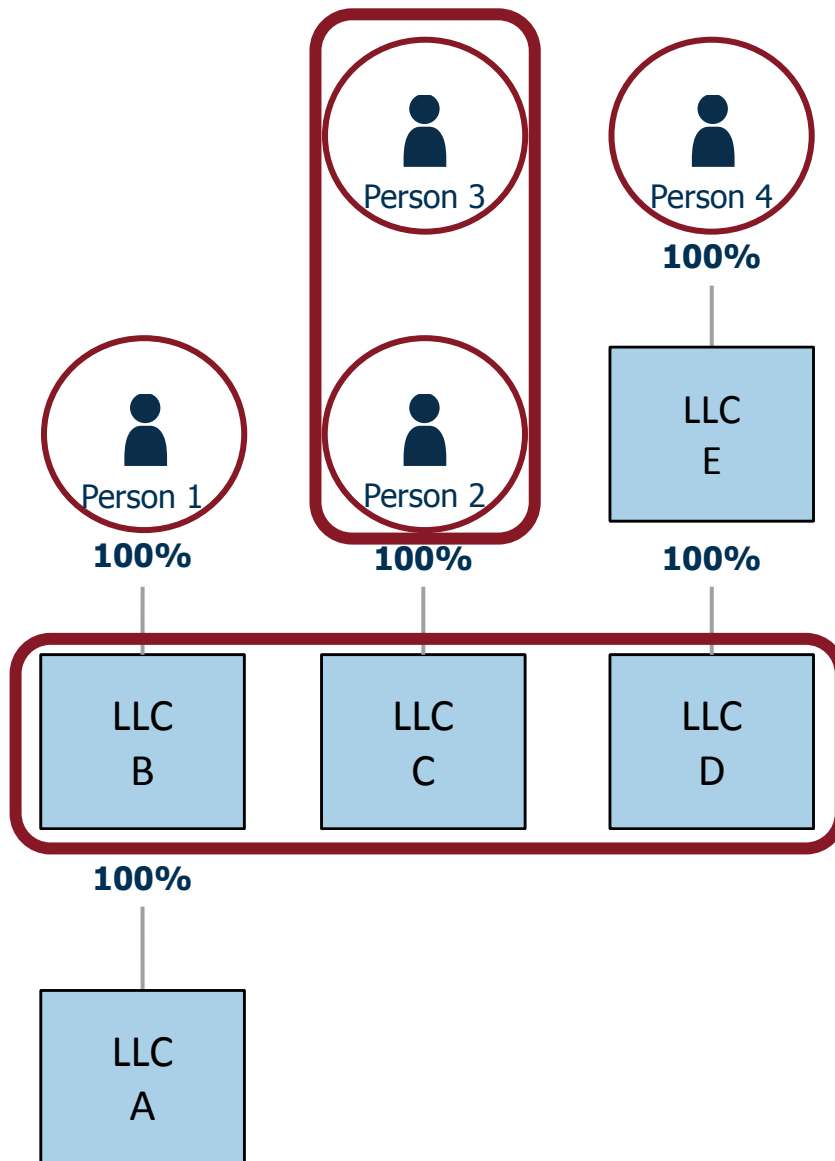
Indirect beneficial owners of LLC A:

- Person 1 (control – indirect ownership in the legal entity) – 33% → Does a trusteeship exist: No → Ultimate legal entity: LLC D (100%)
- Person 2 (control – indirect ownership in the legal entity) – 100% → Does a trusteeship exist: No → Ultimate legal entity: LLC D (100%) und LLC C (100%)

The trusteeship agreement does not have to be reported, since it only establishes the chain of control. The consequences of the trusteeship agreement must be taken into consideration, however (= beneficial ownership by Person 1).

Trusteeships

Example 9



LLC B is the sole partner in LLC A. LLC B holds 1/3 of the ownership interest in trust for LLC C and 1/3 of the ownership interest in trust for LLC D. There is also a trusteeship agreement between Person 2 and Person 3.

Exemption from obligation to report pursuant to Art. 6:

No exemption, since one of the partners is a legal entity.

Since trusteeship agreements are defined as one of the possibilities of exercising control, a control relationship is also established in the case of multiple trusteeship agreements within the chain of participation. In this example, a control relationship is already established at the first participation level through a trusteeship agreement.

Indirect beneficial owners of LLC A:

- Person 1 (control – indirect ownership in the legal entity) – 100%
 - Does a trusteeship exist: No
 - Ultimate legal entity: LLC B (100%)
- Person 2 (control)
 - Does a trusteeship exist: Yes (trustee)
 - Ultimate legal entity: LLC C (100%)
- Person 3 (control)
 - Does a trusteeship exist: Yes (trustor)
 - Ultimate legal entity: LLC C (control)
- Person 4 (control)
 - Does a trusteeship exist: No
 - Ultimate legal entity: LLC E (100%)