

Designated Persons to reveal beneficial owners: Summary of the 27th October [notification](#)

Applicable provisions

- Section 89 of CA, 2013
- Rule 9 of MGT Rules, 2014

Understanding the intent

- As per FATF/PMLA rules, every artificial entity must identify a natural person as SBO
- Where no SBO identified, the KMP will be deemed SBO
- Several cos in view of (a) either direct holding by natural persons, or (b) diverse holding base, did not identify SBOs. MCA has been expressing concerns
- If this was the trigger, it seems a misfired shot
- The provision has been placed u/s 89, which operates in a very different field

Applicable from when? And actions required

Applies immediately

Cos shall identify a DP for “furnishing information” on beneficial interest. DP shall be any director, or KMP or the CS (where required)

Until done, every director, KMP or CS shall be deemed DP

Disclosure requirements

- Details of DP to be disclosed in annual return
- Necessary modification in MGT- 7 required
- Applicable for the annual returns to be filed for FY 23- 24 and onwards.

What if there is change in designated person at any time?

Intimate to ROC in e-form GNL-2

Functions of designated persons

There is no clarity on the role/obligations of the DP, except that he will furnish information about “beneficial interest”
Unlike in sec. 90, the beneficial interest u/s 89 is not ultimate interest; it is the first level of holding only

What if the company does not comply?

As such, there is no penal consequence; sequentially - (a) The CS, if required; (b) MD/manager, where there is one; or (c) every director will be deemed DP

Similar [amendment](#) has been notified for LLPs vide notification dated 27th October, 2023