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Registration of ultimate beneficial owner information

1. General framework

Financial Action Task Force (FATF) announced that Mongolia included in the FATF grey list considering as a favorable country for supporting money laundering and terrorism financing on 18 October, 2019.

Recommendations 24 and 25 of the FATF are focused on the legal entity's transparency and measures related to the ultimate beneficial owner and FATF assessed under their report on Mutual Evaluation of Mongolia with regard to the ultimate beneficial owner as followings:

- ▶ Mongolia had not assessed the risks associated with the different types of legal entities incorporated in such country and any sanctions for non-compliance with obligations under Recommendation 24 were not dissuasive.
- ▶ Mongolia did not have a mechanism to monitor the quality of assistance it receives in response to requests for basic or ultimate beneficial owner information.

2. Legislation

Within the obligation and task are given by FATF, the Parliament of Mongolia has adopted the Law of Mongolia on the Procedure for compliance with the General taxation law and amended the Law of Mongolia on State registration of the legal entity with regard to accurately register the ultimate beneficial owner information.

In accordance with Article 9 of the Law of Mongolia on the Procedure for compliance with the General taxation law, the legal entity incorporated in Mongolia prior to 01 January 2020 shall be obliged to register the ultimate beneficial owner information of legal entity to the State Registration Authority within 01 January 2021.

Moreover, under Article 9 and 10 of the Law of Mongolia on State registration of legal entity, the legal entity shall keep the basic record of a legal entity in paper and electronic form in the state registration database and basic record of the legal entity includes information on the ultimate beneficial owner and its shares amount, interest and voting right. In case that the information on the ultimate beneficial owner is changed, the legal entity shall be obliged to submit the basic record of the legal entity to the State Registration Authority.

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For more information or any queries, please feel free to contact Bolormaa.V, Partner by bvolodya@gratanet.com and Yanjmaa.B, Lawyer of GRATA International Law Firm by ybumtsend@gmail.com or 976 70155031.

Өңірлер

МОНГОЛ

Маңызды байланыстар




Bolormaa Volodya

Partner

 Ulaanbaatar, Монгол

 +976 990 850 31

 +976 701 550 31

 bvolodya@gratanet.com