

October 2023

The new Italian UBO Register - enhanced disclosure obligations for Italian entities

Introduction

The new Italian Ultimate Beneficial Owners Register (the “**UBO Register**”) became effective on October 9, 2023, as an effect of the entry into force of the Decree of the Ministry of Enterprises and Made in Italy (“**MIMIT**”) of September 29, 2023 (the “**Decree**”). The aim of the UBO Register is twofold: (i) promoting the transparency about the ownership and control chain above Italian legal entities, and (ii) preventing and contrasting money laundering and terrorist financing activities.

01. Entities concerned by the Decree

All entrepreneurial legal entities, which are registered with the Italian Registers of Enterprises, are subject to the Decree, including corporations, limited liability companies, public-limited companies, limited joint-stock partnership, cooperatives, recognized associations, foundations and trusts. All such Italian entities must disclose certain personal data of their Ultimate Beneficial Owner(s) (“**UBO**”) to those individuals and legal entities, which are subject to the “adequate due diligence duty” on their clients (e.g., to banks, law firms, the Companies' Register, etc.). Hence, the enhanced disclosure duties concern virtually all Italian companies, including subsidiaries of foreign entities, whether listed or not on a regulated market.

02. The UBOs

Pursuant to Article 20 of the Legislative Decree No. 231/2007 (the “**AML Decree**”), the UBO(s) of a legal entity is/are the individual(s) who has/have the ownership or the control of the legal entity, *i.e.*, the individuals who, alternatively:

- holds directly or indirectly (through a subsidiary, a trustee or an interposed person) more than 25% shares in the company; or
- have the majority of the voting rights exercisable in the general shareholders' meeting of the company or, anyhow, sufficient voting rights to exercise dominant influence on the shareholders' meeting of the company; or
- are a party to binding agreements by which a dominant influence can be exercised over the entity.

If none of the above criteria applies, the UBO are identified as the individuals who are vested with the legal representation of the company or managing and/or directorship powers.

03. Timing to disclose

First filing: legal entities already incorporated as of October 9, 2023, must report the UBO's data to the Register of Companies within 60 days after the publication of the Decree. Therefore, the deadline will expire on December 11, 2023.

Newly incorporated entities: legal entities incorporated after October 9, 2023, must notify the requested data and information within 30 days after the filing with the Companies' Register.

Periodic report: annually, it is necessary to confirm data and information, within 12 months after the first disclosure or the last change or confirmation. Companies can make the confirmation along with the filing of their financial statements.

04. Modalities

The filings must be made electronically, through the platform Telemaco. Directors, founders, legal representatives or trustees are in charge to send the UBO's information to the Companies' Register.

05. Sanctions

Failure to disclose the information to the Companies' Register is punishable (pursuant to Article 2630 of the Civil Code) with an administrative fine ranging from €103 to €1,032. If the disclosure is made within 30 days after the expiration of the prescribed time limit, the administrative fine is reduced to one third.

Compliance Department

The Compliance Department of Legance is available to provide any clarifications, also in respect of any specific situation which may be of interest to you.

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