Ownership and Control Structure of an Entity for KYC Purposes

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What is it?

1. Refers to who owns, manages, and controls an entity.
2. Includes details on shareholders, directors, and other influential persons.

How to identify it:

Document Collection

1. Official incorporation documents which list the entity's directors and shareholders.
2. Memorandum and Articles of Association or Constitution.
3. Share registry to see the distribution and classes of shares, which indicates ownership percentages.
4. Information available on the entity's website or published annual reports.
5. Information available on the entity from public sources (e.g. annual returns and filing with the Accounting and Corporate Regulatory Authority (ACRA), ACRA's business profile)

Identification of Beneficial Owners

- Determine who directly or indirectly owns more than a certain percentage (typically 25%) of the company or can control the company through other means, such as voting rights, agreement, or other influence.

Assessment of Control

1. Identify key individuals who may not own significant shares but control the entity through their position, such as directors or senior managers.

2. Understand any arrangements, like shareholder agreements or family trusts, that confer control to individuals without direct share ownership.

Key components of control structure:

- **Management Authority:** Who makes key decisions?
- **Voting Rights:** Who can vote and how much power do they have?
- **Legal Arrangements:** Trusts or agreements that affect control.