

Attachment B: UBO Explanation Notice

1. Why do banks have to ask for an ‘Ultimate Beneficial Owner declaration’?

The law on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing requires financial institutions to identify the Ultimate Beneficial Owners of their clients. The Ultimate Beneficial Owner(s) is or are the natural person(s) for the account or the benefit of whom a transaction is executed or a commercial relation is established or who has(ve) the ultimate control over the client. Ultimate Beneficial Owners of legal persons, trusts and other unincorporated legal structures are therefore the natural persons who ultimately own or control the customer.

In order to comply with this legal obligation to identify and report the Ultimate Beneficial Owner of a legal person, an ‘Ultimate Beneficial Owner declaration’ should be completed by the representatives of the customer-company or entity. Informing your bank and insurance company of the Ultimate Beneficial Owners are a legal obligation.

Relevant Belgian regulations:

The Belgian law of January 11, 1993 on the prevention of the use of the financial system for money laundering and terrorist financing and, more specifically, Article 8 The Royal Decree of March 16, 2010 approving the regulations of the Belgian Banking, Finance and Insurance Commission on the prevention of money laundering and the funding of terrorism, more specifically, Article 14 through to and including Article 20 The Circular 2010-09 of April 6, 2010 of the Banking, Finance and Insurance Commission on customer due diligence measures and the prevention of the use of the financial system for money laundering and terrorist financing.

2. Who should complete and sign the declaration?

The declaration must be completed by the persons authorised to represent the company or entity according to its Articles of Association.

3. Why are Ultimate Beneficial Owners important?

Ultimate Beneficial Owners of a legal entity are deemed to be important as they are considered to be in control of the legal entity. Being in control is in this case defined as being able to decisively influence the appointment of the majority of the board members / senior executives or to decisively influence the orientation of the company.

4. Ultimate Beneficial Owners: sometimes referred to as ‘owners’, sometimes as ‘decision makers’

The term ‘Ultimate Beneficial Owners’ is commonly interpreted as meaning ‘owners’ or ‘holders’. This interpretation is correct but not complete. All natural persons who **own or control 25% or more of the capital or 25% or more of the voting rights** are considered Ultimate Beneficial Owners.

Next to these controlling shareholders also other natural persons are considered to be Ultimate Beneficial Owners. These persons are referred to as the beneficial ‘**decision makers**’.

In general this refers to the persons who have a formal mandate within the Board of the company. These are for example the persons who are named (or equivalent of) Chief Executive Officer (CEO), Chief Financial Officer (CFO) or Treasurer. It is required to list all Board level mandate holders including their function.

And finally the definition of Ultimate Beneficial Owners also includes those natural persons that do not have a controlling holding in the company or a formal mandate of any kind but who are de facto exercising similar control over the company. Having control is defined as being able to decisively influence the appointment of the majority of the board members / senior executives or to decisively influence the orientation of the company. These persons are considered to be beneficial ‘**decision makers**’ as well.

5. What if a legal entity is shareholder in your company?

In general Ultimate Beneficial Owners must be **named natural persons**. If the owners of a legal entity are themselves one or more companies, then further information is required to establish the identity of the natural persons who are the owners of these companies. These natural persons are to be filled in directly as the Ultimate Beneficial Owner(s) on the declaration of the company/association regardless of the number of ‘intermediate steps’.

In order to be clear about the intermediate steps the controlling shareholders of the underlying legal entities need to be identified. For example, in case company A is >25% owned by company B, all controlling shareholders (>25%) of company B are to be listed as UBOs of company A. In more complicated cases whereby company B is 25% owned by company C the controlling shareholders of company C are to be listed as UBOs of company A.

EDITION 2012

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VAT: BE830.597.835

SWIFT CODE: ICBKBE33

Email: info@be.icbc.com.cn

In the form you are requested to mention the percentage of shares. For indirect ownership it is not needed to calculate the percentage of the percentage. It is sufficient to mention the notion 'indirect' in this field. In some specific limited cases that are listed below the Ultimate Beneficial Owner can be another legal person.

6. Who is to be named as UBO?

The following list indicates who should be considered being an Ultimate Beneficial Owner for the various types of entity.

A. Companies (except non-profit organisations)

A.1 The company is not listed on a stock exchange and there is a limited number of larger shareholders or owners controlling the company.

Owning or controlling 25% (or more) of the shares or voting rights is considered a controlling share. Exercising at least 25% of the voting rights at the general meeting of the company is also considered a controlling share. Ownership may be direct or indirect (for example, via intermediary companies) or a combination of both. In this case, the **shareholders or owners** must be named on the declaration, **together with the 'decision makers'**.

A.2 The company is not listed on a stock exchange and there are a large number of smaller shareholders or owners.

(All the situations not falling within the definition at A.1, fall within A.2)

In this situation, it is difficult or impossible in practice to provide the names of all the owners. A statement needs to be made of the fact that no individual shareholder with a holding of 25% or more exists. The control of the company is considered to be in the hands of the directors. i.e. only the names of the 'decision makers' have to be filled in on the declaration.

A.3 The company is not listed on a stock exchange, but is owned by another company that is listed on a stock exchange.

A declaration needs to be drawn up identifying the owning listed company + the stock exchange on which the owning company is listed.

A.4 The company is partly listed on a stock exchange.

For companies that are partly stock-listed and partly privately held the Ultimate Beneficial Owners of the privately held part still need to be identified as in A1 or A2.

B. Non-profit organisations (VZW, ASBL).

No one 'owns' a non-profit organisation. In such cases, the declaration must contain the names of the persons exercising actual control or making executive decisions, i.e.: the **'decision makers'** of the non-profit organisation. See explanation in 4. above.

C. Foundations, Trusts, Fiduciaries, etc.

No one 'owns' a foundation, trust or fiduciary. In these cases the UBO is:

- A natural person who, directly or indirectly, exercises control of over 25% of the property of the trust or foundation i.e.: the **'decision makers'**. See explanation in 4. above.
- Any natural person who is, directly or indirectly, a beneficiary of more than 25% of the property in the trust or foundation. These are the persons expressly named as beneficiaries in the trust deed, or the persons who may be considered the beneficiaries.

7. What documents to attach?

In addition to completing this declaration, the company or entity must for each person indicated/named in the declaration as Ultimate Beneficial Owners provide photocopies of the identity card (for European citizens) or the international passport (for Non Belgian citizens)

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