



REGULATORY UPDATES

MCA Notifies Limited Liability
Partnership Rules, 2023

On November 9, 2023, MCA released the LLP (Significant Beneficial Owners) Rules, 2023 ("SBO Rules"), which mandate the LLPs to identify and provide MCA with the necessary information about Significant Beneficial Owner(s) ("SBO").

A. NON-APPLICABILITY

The SBO Rules shall not apply to:

Contribution held by the Central Government, State Government, or local authority;

LLPs/entities controlled by the Central Government or State Government(s) or both;

Investment vehicles

1. registered with the SEBI, or
2. regulated by the RBI or IRDAI or PFRDA.

B. IMPORTANT PROVISIONS AND DEFINITIONS

Holding of indirect interest in an LLP

- SBO, as defined by **Rule 3(k)**, means an individual who possess one or more of the following rights or entitlements in the reporting LLP, acting alone or through one or more persons:
 - Has right to exercise or actually exercises, **significant influence or control**, in any way other than by direct holdings alone or holds, indirectly or together with any direct holdings of, at least 10% of the:

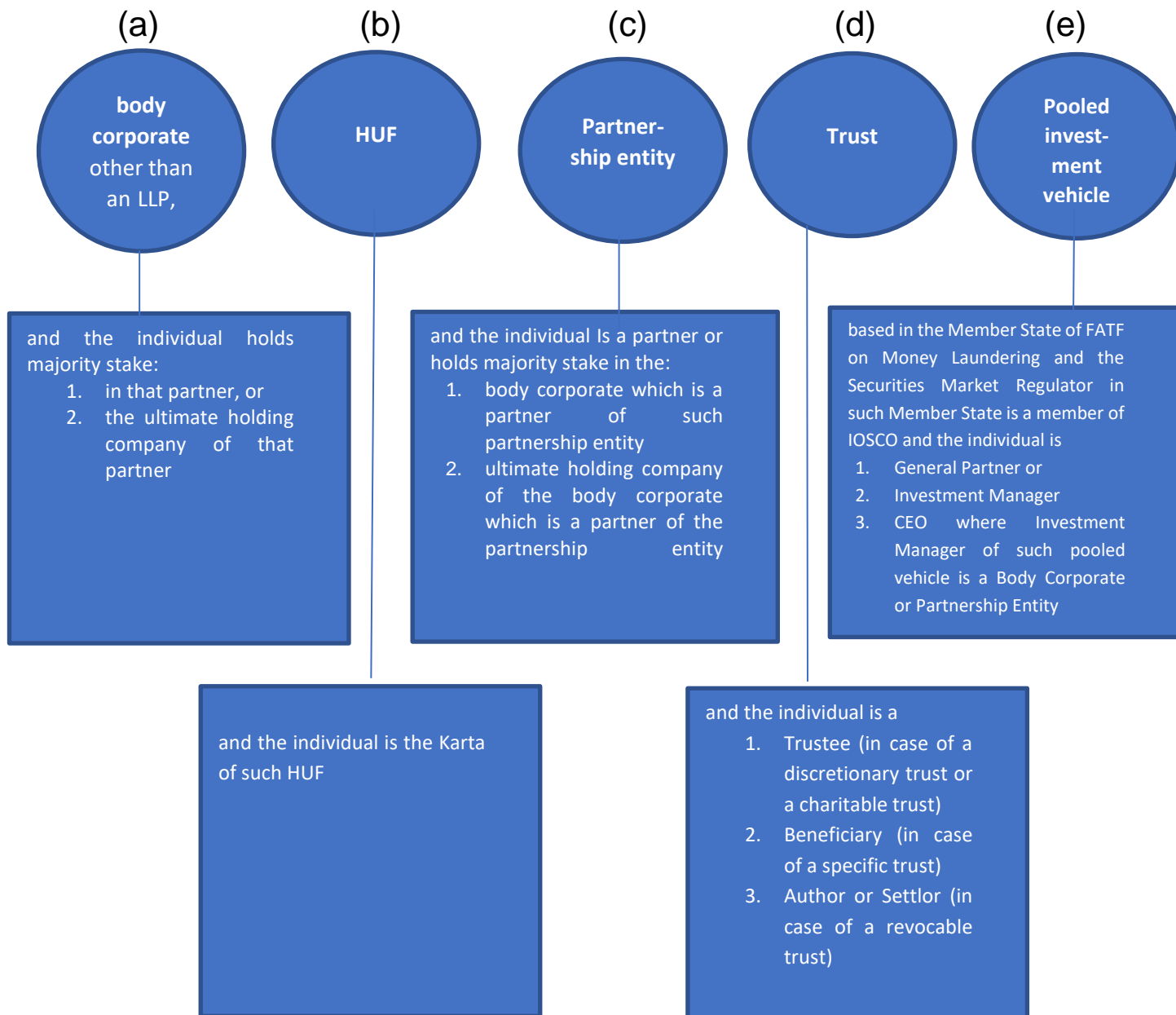
Contribution

Voting rights in management or policy decisions;

Of the right to receive or participate in the total **distributable profits** or other distributions made in a financial year

✚ An individual shall be considered to hold a right or entitlement **indirectly** in the reporting LLP, if he satisfies any of the following criteria: -

➤ where the partner of the reporting LLP is a



Holding of Direct Interest in LLP

- An individual shall not be considered an SBO if he/she **directly** holds any rights or entitlements in following manner:
 - Contribution representing such right or entitlement, is held in the name of the individual; or
 - The individual has declared to the reporting LLP that he/she possess or acquire a beneficial interest in the contribution of the reporting LLP in accordance with Rule 228(2) of the LLP Rules, 2009.

C. DUTIES OF THE REPORTING LLP


- Identification of SBO, if any, and cause such individual to make a Declaration in **Form LLP BEN-1**.
- Notice to identified SBO in **Form LLP BEN-4**, seeking prescribed information. Information must be provided by the SBO within 90 days of commencement of the SBO Rules.
- Filing of SBO return in **Form LLP BEN-2** with Registrar of Companies within 30 days of receipt of the declaration from the SBO.
- Maintenance of Register of SBO in **Form LLP BEN-3**.


DISCLAIMER: - *The summary information herein is based on notification dated 09.11.2023 issued by MCA. While the information is believed to be accurate, we make no representations or warranties, express or implied, as to the accuracy or completeness of it. Readers should conduct and rely upon their own examination and analysis and are advised to seek their own professional advice. This note is not an offer, advice or solicitation. We accept no responsibility for any errors it may contain, whether caused by negligence or otherwise or for any loss, howsoever caused or sustained, by the person who relies upon it.*

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