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The End of the Silent Shareholder: Beneficial Ownership under the Draft Companies (Third Amendment) Act, 2026

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The Ministry of Commerce has circulated a draft Companies (Third Amendment) Act, 2026, a substantial update to the Companies Act, 1994. The draft's explanatory notes trace its proposals to recommendations from the Bangladesh Financial Intelligence Unit (BFIU), proposals from FBCCI, and the High Court's recommendations in Company Matter No. 317 of 2019. It is still in consultation, and nothing in it is law yet. But one set of provisions deserves attention now, because it goes to how shares are actually held in Bangladesh: the new beneficial ownership regime.

1. What the draft proposes

The draft inserts into **section 2** a definition of "beneficial ownership" that is limited to natural persons but otherwise wide. It covers anyone who directly or indirectly holds ownership, exercises ultimate effective control through ownership or a chain of ownership or control, has the power to appoint or remove the board or senior officers, or controls the company's day-to-day operations.

A new section 34A imposes the disclosure duty. Where a person is entered in the register of members but holds no beneficial interest in the shares, that registered holder must declare to the company the name and particulars of the beneficial owner. Any change in the beneficial ownership must be declared within 30 days. The company must note the declaration in its register and file a return with the Registrar within 30 days.

Failure to declare is punishable with a fine of up to BDT 50,000, plus up to BDT 100 for each day the default continues. The sharper consequence is in section 34A(7): where the beneficial owner does not make the required declaration, no right in respect of that share is enforceable by that person or by anyone claiming through them. Section 34A(8) confirms that dividends paid to the registered member still discharge the company's obligation to pay the dividend. That is the provision that matters. It does not simply penalise non-disclosure. It makes an undeclared beneficial interest legally unenforceable.

It also contains a drafting gap worth raising in consultation. Section 34A(1) places the declaration duty on the registered holder, yet section 34A(7) ties the loss of rights to a declaration by the beneficial owner, who is given no separate duty to declare. As drafted, a beneficial owner could lose enforceable rights because of the nominee's default.

The regime is backed by two new provisions, also recommended by BFIU. Proposed section 401B requires the Registrar, on lawful request or on its own initiative, to share company and ownership information with the central AML/CFT agency, investigating agencies, designated regulators, and banks, financial institutions and other reporting organisations under the Money Laundering Prevention Act, 2012 and the Anti-Terrorism Act, 2009. The Registrar must operate a secure digital platform for this, and a lawful request cannot be refused merely on grounds of secrecy, official confidentiality, personal data protection or lack of the company's consent. Proposed section 401C allows the Registrar to exchange information with foreign authorities on money laundering, terrorist financing, corruption, tax evasion, fraud and other serious crime. Separately, section 339 would extend the post-dissolution record period from three to five years in line with AML/CFT standards.

2. Why this matters in practice

Nominee shareholdings, off-record trusts and side letters are familiar features of Bangladeshi corporate structuring, and not always for improper reasons. In practice, however, they are also used to manage foreign ownership limits in restricted sectors. Freight forwarding is the clearest example: the current rules cap foreign ownership at 40 per cent, and a proposal in the draft Freight Forwarding Rules to raise that to 49 per cent is itself contested. Telecommunications and shipping agency are also subject to foreign shareholding limits.

Section 34A does not prohibit these arrangements. But it removes the two features that made them attractive: deniability and enforceability without disclosure. Left undeclared, a nominee arrangement would leave the true owner unable to enforce rights in the shares, while the ownership data sits on a register that banks and investigators can query. That is a very different instrument from the one currently in use.

The direction of travel is familiar internationally, from the UK's register of persons with significant control to the EU's beneficial ownership registers under its anti-money laundering framework. Bangladesh is not on the FATF grey list as of the June 2026 plenary. A credible domestic beneficial ownership regime, properly implemented, is the kind of reform that helps keep it that way.

3. What corporate teams should do now

The drafting may still change through consultation, and the final gazette may narrow or recast the beneficial ownership provisions. Clients should not unwind existing shareholding arrangements or foreign equity structures in anticipation. Doing so carries real commercial, legal and tax costs that could prove unnecessary if the final text differs. New filing obligations in Bangladesh have typically come with a transition period, and the rules and prescribed forms contemplated by section 34A(3) have yet to be made. For compliant entities, the declaration itself should be largely an administrative step once they are in place.

Two steps are worth taking now, none of which commits a client to restructuring.

1. Map existing nominee and trust arrangements, so that clients know which interests would require a declaration and what that declaration would disclose.

2. Update KYC and onboarding templates, for both new clients and incoming shareholders, to record beneficial ownership against the draft definition. This involves no change to shareholdings. But it matters, because proposed section 401B requires the Registrar to share ownership information with banks, so any mismatch between what a client tells its bank and what is declared at RJSC is likely to be noticed.

Taken as a whole, the draft reads as three bills in one: an ease of doing business bill, an AML/CFT bill and an RJSC capacity-building bill. Of the three strands, the beneficial ownership provisions are the most likely to require clients to change existing structures rather than simply file differently. That makes them the provisions to follow most closely, and to engage with during consultation.

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