LEGAL UPDATE

Ethiopia's Beneficial Ownership Transparency Regime under Regulation No. 592/2026: A New Era of Corporate Disclosure

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I. INTRODUCTION

On 10 July 2026, the Council of Ministers issued the Transparency of Legal Persons Beneficial Ownership Information Regulation No. 592/2026 (the "Regulation"), establishing Ethiopia's first comprehensive framework for the identification, registration and disclosure of beneficial ownership information. The Regulation was published in the Federal Negarit Gazette on the same date and entered into force upon publication. It represents a significant development in Ethiopia's anti-money laundering and counter-terrorist financing framework.

The Regulation is issued pursuant to Article 55(1) of the Prevention and Suppression of Money Laundering and Financing of Terrorism Proclamation No. 780/2013, as amended by Proclamation No. 1387/2025. It gives practical effect to the statutory requirement for a central beneficial ownership registry and establishes disclosure and verification obligations for legal persons operating in Ethiopia.

This Legal Update considers the principal requirements of the Regulation and their practical implications for legal persons, regulated entities and other stakeholders.

II. REGULATORY FRAMEWORK AND SCOPE

The Regulation defines a beneficial owner by reference to Article 2(18) of the Prevention and Suppression of Money Laundering and Financing of Terrorism Proclamation No. 780/2013. In substance, the concept focuses on the natural person who ultimately owns or controls a legal person, including through direct or indirect ownership or other forms of effective control. The Regulation therefore extends beyond formal shareholding and captures circumstances in which control is exercised through other relationships or arrangements.

The Regulation generally applies to legal persons registered and operating in Ethiopia. Article 3 excludes certain categories, including civil society organisations, enterprises wholly owned by federal or regional governments, cooperative associations, public administrative organisations, religious institutions, political parties and international organisations to which Ethiopia is a member.

III. IDENTIFICATION OF BENEFICIAL OWNERS

The Regulation adopts different ownership thresholds and control criteria depending on the legal form and, in certain cases, the sector in which the legal person operates.

- For share companies, a natural person may qualify as a beneficial owner where the person directly or indirectly holds 10% or more of the shares, including jointly with others, or where the person exercises control through specified ownership, management, contractual, financing or other relationships. The Regulation also recognises preferential shares, convertible equity debt, appointment or removal rights and certain senior management positions as relevant indicators of control. Article 5 further provides for a 5% threshold for specified sectors, including mining, real estate development, motor vehicle dealership, and import and export activities, as well as other sectors that may subsequently be designated by directive.

- For private limited companies, the applicable ownership threshold is 5% or more, whether held directly or indirectly and individually or jointly, subject to the relevant control criteria. In the case of a one-member private limited company, the natural person who owns the company and, where applicable, the general manager are treated as beneficial owners.
- For general partnerships and limited partnerships, the relevant threshold is generally 25% or more of profit, asset distribution or voting rights, while the corresponding threshold for limited liability partnerships relates to profit or asset distribution. Financial institutions are subject to a substantially lower threshold of 2% or more of shares or convertible equity debt, reflecting the heightened transparency requirements applicable to the financial sector.
- Foreign legal persons that register, invest, conduct business or own immovable property in Ethiopia are also subject to beneficial ownership disclosure requirements. The Regulation requires such entities to submit adequate, accurate and up-to-date information to the Ministry before or upon registration, together with documentation issued or attested by the competent authority in their home jurisdiction.

IV. DISCLOSURE, RECORD-KEEPING AND REPORTING

The Regulation places an affirmative responsibility on legal persons to collect, centrally maintain and report beneficial ownership information. The information must be adequate, accurate and up to date and must be made available to the authorities and other persons entitled to access it under the Regulation. In particular, the Ministry, competent authorities, the Ethiopian Capital Market Authority and the Public Procurement Service may require disclosure within 48 hours of a request. (Article 14.)

The information to be maintained includes identifying particulars of the beneficial owner, information concerning the nature and extent of ownership or control, the date on which the person became or ceased to be a beneficial owner, and relevant identification and status information. Changes to the prescribed particulars must be reported within 14 days. (Article 15.)

Every legal person is required to appoint an Information Registration Officer under senior management oversight. The officer is responsible for facilitating the collection, maintenance and reporting of beneficial ownership information and for responding to authorised requests from the relevant authorities. (Article 16.)

The Regulation also requires legal persons to review and verify their beneficial ownership information at least twice in each calendar year and to document the review. Any changes identified through the review must be reported within 14 days. (Article 17.)

V. CONSEQUENCES OF NON-COMPLIANCE

Beneficial ownership disclosure is not merely an administrative reporting requirement. The Regulation makes compliance a condition for access to key aspects of the formal business registration and licensing framework. The Ministry may refuse, suspend or revoke commercial registration, business licences or investment permits where the required beneficial ownership information has not been properly disclosed.

The Regulation also extends responsibility to officers and senior managers responsible for the collection, maintenance, reporting and oversight of beneficial ownership information. (Article 19.)

Failure to comply with the Regulation may constitute an administrative violation, including failure to submit information within the prescribed period, submission of incomplete or inaccurate information, breach of confidentiality, failure to update information within 14 days, failure to conduct the required periodic review, failure to appoint an Information Registration Officer, failure to maintain internal records, or refusal to cooperate with competent authorities. (Article 40.)

Depending on the nature of the violation, the Ministry may impose fines ranging from Birr 100,000 to Birr 500,000, suspend a business licence or cancel business registration. The Regulation also permits temporary restriction or exclusion from public procurement or government support and publication of sanctioned entities. (Article 41.)

VI. INSTITUTIONAL FRAMEWORK AND ACCESS TO INFORMATION

The Ministry of Trade and Regional Integration is designated as the central authority responsible for establishing and administering the Central Beneficial Ownership Information Registry. Its functions include collecting and verifying information, maintaining the Registry, facilitating authorised access, monitoring compliance and taking enforcement measures under the Regulation. Regional and city administration trade bureaus are required to support the collection, registration and verification of information relating to entities within their respective jurisdictions.

The Ministry of Revenue is empowered to obtain, verify and use beneficial ownership information for purposes of tax administration, including assessment, collection and enforcement. The Federal Public Procurement Service may also access and verify relevant information in connection with public procurement and may require discrepancies to be rectified.

The Regulation adopts a controlled-access approach to beneficial ownership information. Competent authorities are to receive full, direct and timely access, while financial institutions and designated non-financial businesses and professions may access the information subject to the applicable conditions and fees. Persons with a legitimate interest may also obtain information in circumstances specified by the Regulation. Access may be restricted where disclosure would expose a beneficial owner to disproportionate risks such as fraud, kidnapping, blackmail, extortion, harassment, violence or intimidation. (Articles 29–33.)

The confidentiality of information collected, stored, reported or disclosed under the Regulation is expressly protected. The transparency framework must therefore be applied together with the requirements of Ethiopia’s personal data protection regime, including the Personal Data Protection Proclamation No. 1321/2024.

VII. INTERNATIONAL COOPERATION

The Regulation establishes a framework for international cooperation in relation to beneficial ownership information. The Ministry may exchange information with corresponding authorities in other jurisdictions, request information concerning legal persons registered or resident abroad, and cooperate with foreign beneficial ownership registries. These provisions are intended to support cross-border transparency and the effective investigation of money laundering, terrorist financing and related financial crimes.

VIII. TRANSITIONAL ARRANGEMENTS AND IMPLEMENTATION

The Regulation provides existing legal persons with a transitional period to establish compliance. Existing legal persons are required to obtain and hold beneficial ownership information within three months from the effective date and submit the information to the Ministry within six months. The Ministry may extend the applicable period by up to two additional months. (Article 43.)

Accordingly, existing legal persons are expected to have obtained and maintained the required information by 10 October 2026 and to submit it to the Ministry by 10 January 2027, subject to any lawful extension granted by the Ministry.

The practical implementation of the regime will also depend on further directives contemplated by the Regulation, including directives concerning sector-specific thresholds, access conditions and fees, verification procedures and mechanisms for reporting discrepancies. The absence of such supporting instruments does not, however, suspend the operation of the Regulation, which is already in force.

IX. PRACTICAL IMPLICATIONS FOR LEGAL PERSONS

Legal persons should treat beneficial ownership compliance as an ongoing corporate governance and compliance obligation rather than a one-time registration exercise. This requires an assessment of the entity's ownership and control structure, including direct and indirect interests and other arrangements through which effective control may be exercised.

Entities should also establish appropriate internal procedures for collecting and verifying beneficial ownership information, maintaining supporting documentation, recording changes and responding to regulatory requests. The appointment of an Information Registration Officer and the establishment of clear senior management oversight are particularly important given the personal responsibility that the Regulation may place on responsible officers and senior managers.

The twice-yearly verification requirement further means that beneficial ownership records should be incorporated into the entity's continuing compliance processes. Changes in ownership, control, management or other relevant circumstances should be capable of being identified promptly so that the applicable 14-day reporting period can be observed.

For regulated entities, the Regulation also has implications for customer due diligence and broader AML/CFT controls. Beneficial ownership information obtained under the Regulation may become an important source for verifying ownership and control structures, while discrepancies between corporate records, registry information and information obtained through customer due diligence may require further investigation and appropriate regulatory reporting.

Finally, the collection and disclosure of beneficial ownership information should be managed consistently with applicable personal data protection requirements. The fact that information is subject to regulatory disclosure does not remove the obligation to handle, secure and disclose personal data in accordance with applicable law.

X. CONCLUSION

Regulation No. 592/2026 establishes a comprehensive beneficial ownership transparency framework and represents a significant development in Ethiopia's corporate transparency and AML/CFT regime. It moves beneficial ownership disclosure from a largely fragmented requirement toward a centralised system of registration, verification and controlled information sharing.

The Regulation imposes continuing obligations on legal persons to identify beneficial owners, maintain accurate information, appoint a responsible officer, conduct periodic verification and report changes within prescribed periods. Non-compliance may have consequences extending beyond financial penalties to the suspension or cancellation of business registrations and licences, as well as restrictions relating to public procurement and government support.

For existing legal persons, the transitional period should be used to establish the necessary governance, documentation and reporting arrangements before the applicable submission deadline. Given the Regulation's immediate legal effect, businesses should begin their compliance preparations without delay.

Disclaimer

This Legal Update is provided for informational purposes only and does not constitute legal advice. Specific legal advice should be sought based on the circumstances and ownership structure of the relevant entity.

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