



SEC Introduces Expanded Definition of “Major Shareholder” and Enhanced Look-Through Rules

Recently, the Office of the Securities and Exchange Commission (the “SEC”) has issued a series of regulatory amendments concerning the definition of “Major Shareholder” and approval requirements.

The amendments represent a significant shift from a purely shareholding-based approach to a control-based regulatory framework, with a focus on enhancing transparency and preventing the use of complex ownership structures to circumvent regulatory oversight.

The revised rules broaden the definition of a “major shareholder” to include not only persons holding shares directly in securities companies and Digital Asset Business Operators (“Business Operators”) at the prescribed threshold, but also indirect shareholders and controlling persons in the Business Operators.

Indirect Shareholders

In respect of the Indirect shareholders, the amendments introduce a method for calculating indirect shareholding based on a pro-rata approach. Specifically, any ultimate shareholder in a juristic person that indirectly holds shares in the Business Operators, where, upon aggregation using the pro-rata method, such shareholder holds more than 10% of the total voting rights in the Business Operators whether directly or indirectly, in addition to the former criteria.

In addition, transitional provisions have been introduced requiring business operator to review the status of its major shareholders and to seek approval for any persons who qualify as major shareholders under the revised criteria but have not previously been approved under the former rules, within 180 days from the effective date of the notifications.