

Client Briefing

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New regulation simplifying the holder control procedure

The Federal Financial Supervisory Authority has enacted a "Regulation Simplifying Holder Control Procedures and Certain Personal Disclosures." The aim is to significantly reduce bureaucratic hurdles and speed up holder control procedures.

I. Introduction

Anyone intending to acquire a significant stake (directly or indirectly more than 10 %) in a regulated financial institution in Germany (such as a credit or financial services institution) is required to notify the Federal Financial Supervisory Authority (**BaFin**) and the Deutsche Bundesbank without delay in accordance with Section 2c of the German Banking Act (**KWG**).

The notification triggers the so-called holder control procedure, in which the supervisory authorities review the acquirer based on the criteria set out in the KWG. The focus is on assessing the reliability of the prospective acquirer, who must submit extensive documentation to the supervisory authorities. The requirements for this documentation have increased significantly in recent years, resulting in longer processing times. Although the statutory processing period is 60 days, it does not begin to run until BaFin confirms that the documentation is complete.

The notification and documentation requirements are set out in more detail in the Holder Control Regulation (**InhKontrollIV**) and the Regulation on Notifications and the Submission of Documents under the German Banking Act (**AnzV**). The most recent

amendments mainly affect the InhKontrollIV and are partially reflected in the AnzV.

The amended regulation is intended to significantly simplify the documentation to be filed and streamline the procedure without abandoning substantive review (in particular as to reliability).

II. Key points of the simplifications

The benefits of the changes will be most noticeable where the acquirer is an international company or a corporate group with intermediate companies, and where transactions in liquidation situations are involved. For private equity companies and other professional investors with complex investment structures, this will reduce the documentation burden. The specific simplifications are as follows:

1. Simplification for intermediate companies subject to notification requirements

Significant simplifications apply to intermediate companies subject to notification requirements. Companies that merely acquire or increase an indirect stake and are not at the top of the group hierarchy will in the future – apart from giving notice of their intent to acquire – no longer be required to submit any further documents such as financing or

strategy information (cf. Section 16 (10) InhKontrollV, new version). However, the supervisory authorities may still request additional documents (see Section 16 (13) InhKontrollV, new version). The reason for this simplification is that these companies, which are mostly non-operating special purpose entities, generally have no direct influence on the target institution and are themselves controlled by the group's top tier entity.

2. Simplifications for natural persons

If they have neither lived nor worked in Germany in the last ten years, an extract from the Central Trade Register is no longer required for relevant natural persons (cf. Section 9 (9) InhKontrollV, new version). This aligns the timeframe with that for certificates of good conduct, limiting it to ten years.

Certificates of good conduct must still be submitted for all relevant individuals (see Section 9 (8) InhKontrollV, new version). For foreign nationals or individuals who have resided outside Germany in the last ten years, corresponding foreign certificates of good conduct are required. BaFin now recognizes foreign certificates of good conduct (including electronic ones) more easily; submission is not required if the relevant entries are already included in the European certificate of good conduct. For non-EU countries, 'corresponding' or 'equivalent' documents are also permissible. 'Corresponding' documents are official documents relating to register entries that are sent directly to BaFin by a foreign authority. 'Equivalent' documents can be electronic certificates that can be digitally validated and are comparable in terms of content.

In order to further digitize the control procedure, CVs of the relevant natural persons no longer need to be signed by hand.

The simplifications regarding the Central Trade Register, certificates of good conduct and CVs apply not only to the holder control procedure, but also to certain notifications of persons pursuant to Section 24 (1) no. 1 and 15 KWG (e.g. appointment of managing directors and members of executive bodies). Certain amendments to the Holder Control Regulation (InhKontrollV) are reflected in the Notification Regulation (AnzV).

3. Reuse of documents

Documents that have already been submitted and are still valid may be reused (see Section 16 (1) InhKontrollV, new version). The previous limitation of reuse to documents from holder control procedures has been lifted. Documents from notifications under Section 24 (1) no. 1 and 15 KWG and from licensing procedures under Section 32 KWG can also be reused, provided they are still up to date. The party subject to the notification requirement must confirm in the form that the documents are up to date.

4. Simplification of liquidation procedures at leasing and factoring institutions

In the case of acquisitions of stakes in leasing or factoring institutions that are in liquidation, the supervisory authority may waive the requirement for documentation in whole or in part (cf. Section 16 (12a) no. 3 InhKontrollV, new version). In exercising this discretion, the supervisory authority will ensure continued adherence to the requirements for solvency and money laundering prevention.

5. Entry into force of the simplifications

The amended regulation took effect on 25 November 2025 (see Federal Law Gazette I, No. 277 of 24 November 2025). Transitional issues primarily concern ongoing proceedings, in which the supervisory authority may consider additional submissions or simplifications on a case-by-case basis.

6. Applicability of the simplifications to other financial institutions

Similar regulations to those in Section 2c KWG regarding holder control are found in Section 17 of the Insurance Supervision Act for the insurance sector, to which the InhKontrollV is directly applicable. The new simplifications therefore also apply to the insurance sector.

Another form of sectoral holder control exists for payment and e-money institutions (see Section 14 of the Payment Services Supervision Act, 'ZAG'). However, the ZAG only partially refers to the KWG-InhKontrollV. Consequently, the new simplifications do not automatically apply here; a case-by-case assessment is required.

The simplifications do not apply to asset management companies as the InhKontrollV is not applicable there. The same applies to investment firms, which are subject to their own regulatory framework (the Investment Firm Holder Control Regulation and European requirements).

III. Conclusion and recommendations for action

The reform brings practical solutions while maintaining substantive control. Notably, it speeds up acquisitions by corporate groups and cross-border situations. It also modernizes communication with the supervisory authority. For impending transactions, a review of the scope of the notification, documentation, and evidence requirements is worthwhile.

Deal planning: For intra-group transfers and indirect acquisition chains, check whether it will be possible to make notifications without providing comprehensive documentation in future.

Personal documents: Include the new simplifications regarding certificates of good conduct/trade registers and formal requirements in your checklists.

Document management: Take advantage of the possibility of reusing current documents and switch to electronic submission methods.

Electronic submission: BaFin and the Deutsche Bundesbank may require electronic submission of notifications and documents. The submission channels will be announced on the relevant authorities' websites.

Support and project management: Efficient management of holder control procedures can be achieved using tried-and-tested checklists and templates. Support from specialized lawyers with experience of the administrative practices of BaFin and the Bundesbank (including their unwritten practices) can significantly speed up the process and address risks at an early stage.

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