

Beneficial ownership information

5 NOVEMBER 2020
FACTI ISSUES NOTE

The FACTI Panel published its [interim report](#) on 24 September 2020.

The FACTI Panel will hold a series of high-level virtual regional consultations with global stakeholders from 9 to 23 November 2020. The consultations aim to discuss possible means to address the shortcomings identified in the interim report. To orient the consultations a series of short issues papers are being presented along with guiding questions for the consultations.

INTRODUCTION

Perpetrators of financial crimes and abuses rely most commonly on secrecy. A basic tool for addressing secrecy risks is to identify the natural persons who ultimately own, control or benefit from legal vehicles, the “beneficial owners”. Transparency regarding beneficial ownership can help prevent abuses.

Beneficial ownership information is not the same as basic ownership information. Basic information on companies is provided to and recorded by a company registry and is generally made available publicly. The beneficial owner might exert control through direct ownership, or through other means such as personal connections to persons in position of influence or power, contractual relationships, or even by participating in the financing of the entity.

Beneficial ownership transparency can reveal that apparently legitimate and unrelated companies and trusts are in fact part of a global financial crime or tax-abuse scheme.

International norms – initially agreed by the Financial Action Task Force (FATF) and subsequently adopted by the Global Forum on Transparency and Exchange of Information for Tax Purposes – require

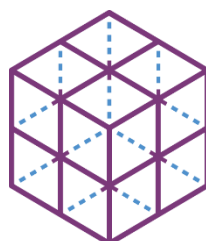
access to beneficial ownership information for both types of legal vehicles – legal persons (e.g. companies) and legal arrangements (e.g. trusts).

In recent years more than 80 countries have started approving laws or amending regulations to require beneficial ownership information to be filed with a government authority, which is called the registry approach. A new wave has started to give public access to beneficial ownership information held in a registry, mainly in Europe but now extending to some countries in Africa, Latin America and Asia.

The international community has made much progress in the relatively short time since the international standard was first introduced. However, even among the jurisdictions that have signed up to global standards for maintenance of beneficial ownership information, there is comparatively low compliance.

The Panel has identified the following gaps and vulnerability in the implementation of beneficial ownership standards:

- Scope of coverage;



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- Conditions that trigger beneficial ownership registration;
- Beneficial ownership definitions;
- Identification and collection of all relevant details of the beneficial owner;
- Insufficient complementary information;
- Verification of information;
- Sanctions for non-compliance;
- National and cross-border availability of information; and
- Legal structures with built-in secrecy.

LOOKING FORWARD

Certain legal structures still allow secrecy to flourish with cross-cutting implications for tax enforcement, anti-corruption, money-laundering and countering organised crime. The Panel will consider proposing solutions

related to technical barriers facing better accessibility of beneficial ownership information, as well as the institutional and governance factors that should be addressed with sufficient international political commitment. The value of universal central registers will be of special concern.

Guiding question for the consultations:

- **What are your policy priorities to ensure countries have access to comprehensive and updated beneficial ownership information?**
- **Would level of access to beneficial ownership information by non-state actors would most effectively help enhance financial integrity?**

Further details on the high-level regional consultations can be found on the FACTI Panel website: <http://www.factipanel.org/events>.

