

24 January 2023

## **Meaningful revision of the global standard on trust ownership transparency**

Dear FATF Members,

Ahead of your FATF Plenary and Working Group meetings, Transparency International would like to highlight the crucial importance of a meaningful reform of Recommendation 25 on beneficial ownership transparency of trusts and similar legal arrangements. The draft amendments that were released for public consultation last year are an important step in the right direction but, as proposed, the text leaves several loopholes that the corrupt and other criminals will continue to abuse.

The secrecy of trusts and similar legal arrangements has allowed these instruments to be exploited for hiding asset ownership from the authorities and public watchdogs. What's more, recent efforts to track the assets of sanctioned Russians elites have shown that trusts are a vehicle of choice for sanctions evasion. Recently, the *Guardian* revealed how Roman Abramovich [transferred trusts holding assets worth billions of dollars](#) to his children in the imminence of Russia's brutal invasion of Ukraine. The move raises questions about whether the change was to protect Abramovich's fortune from possible asset freezes. Journalists were only able to reveal the connection of these trusts and their assets to Abramovich thanks to a leak of files from a Cyprus-based offshore service provider. If not for this leak, the information would likely have been safe with the service provider and out of the reach of the authorities working to implement sanctions. Prior to that, investigators in the United States uncovered that Abramovich [had hid a variety of assets](#) behind several shell companies that were connected to an anonymous trust in Cyprus.

And just last week, CBS's 60 Minutes reported that another sanctioned Russian billionaire [Oleg Deripaska seems to have used trusts](#) to distance himself from assets he allegedly owns.

These recent reports show that, as is the case with legal entities, we need a multi-pronged approach for ensuring the timely availability of beneficial ownership information for trusts and similar legal arrangements. Relying on trustees themselves and on corporate service providers working for – and paid by – the settlor and/or beneficiaries is likely to leave a significant gap and open the door for abuses. Transparency International is calling on FATF members to ensure meaningful revision of

Recommendation 25. Without a multi-pronged approach, including the registration of information about the trust with a government authority, the money laundering risks posed by trusts will prevail.

We have explained the benefits of such a change in greater detail in our submission, which you can find here: [\*\*\*Closing the trusts loophole – Response to FATF's draft amendments to Recommendation 25 and its interpretive note.\*\*\*](#)

We remain available to discuss our recommendations and welcome any comments you may have. Please feel free to direct queries to Maíra Martini, corrupt money flows expert at the Transparency International Secretariat ([mmartini@transparency.org](mailto:mmartini@transparency.org)).

Sincerely,

A handwritten signature in black ink, appearing to be 'D. Eriksson', with a stylized flourish at the end.

Daniel Eriksson

Chief Executive Officer  
Transparency International Secretariat